



Daily Report

China

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General

Foreign Minister Says DPRK To Continue 'Peaceful Progress'

HK1107100294 Beijing ZHONGGUO XINWEN SHE
in English 0936 GMT 11 Jul 94

[Text] Beijing, 11 Jul (ZHONGGUO XINWEN SHE)—Mr. Qian Qichen, Vice-premier and foreign Minister of China, talked on the issue of the Korean Peninsula when meeting Foreign Minister of Bulgaria today, saying China held that the peace, stability and denuclearization of the Korean Peninsula should be realized through peaceful negotiations. China believed North Korea would go on its peaceful progress in line with President Kim Il-sung's behest.

With regard to the situation of the Balkan Peninsula, Mr. Qian said China held disputes and differences should be solved by peaceful means. Borders of the countries in the former Yugoslavian region should not be changed and their sovereignty and territorial integrity should be respected. The interests and rights of the minority nationalities of these countries should be protected. China supported efforts made by the international community to solve the crisis in a fair, reasonable and peaceful way and wished to make contribution to it.

Talking on Sino-Bulgarian relations, Mr. Qian said China was keen to develop long-term and stable friendly cooperative relations with Bulgaria. There was no hindrance to such a development. China wished to boost Sino-Bulgarian economic and trade cooperation, encouraging and supporting the direct cooperation between enterprises of both countries and producing better conditions for such cooperation.

Foreign Leaders React to Kim Il-sung's Death

OW0907155794 Beijing XINHUA in English 1327
GMT 9 Jul 94

[Text] Beijing, July 9 (XINHUA)—Leaders of the United States, Russia, and Japan expressed condolences over the death of Kim Il-sung, president of the Democratic People's Republic of Korea (DPRK).

U.S. President Bill Clinton said in Naples this morning: "On behalf of the people of the United States, I extend sincere condolences to the people of North Korea on the death of President Kim Il-sung."

Russian President Boris Yeltsin today issued a two-paragraph statement in Moscow, expressing "profound condolences" over Kim's death.

Meanwhile, South Korean President Kim Yong-sam presided over an emergency National Security Council meeting today following Kim's death.

"I feel sorry to hear the news because the leaders of the two Koreas were to meet in one place to frankly discuss

peace on the Korean peninsula and the future of the nation," the South Korean president said at the beginning of the meeting.

Japanese Prime Minister Tomiichi Murayama, who is also in Naples to attend the G-7 summit, expressed "profound condolences" over Kim's death.

XINHUA Reports DPRK Statement on Upcoming Talks With U.S.

OW0807133094 Beijing XINHUA in English 1315
GMT 8 Jul 94

[Text] Pyongyang, July 8 (XINHUA)—The delegation of the Democratic People's Republic of Korea (DPRK) attending talks with the United States has announced that they will make all efforts to solve the nuclear issue with patience and lenience.

A statement issued after the delegation arrived in Geneva on Wednesday [6 July] commented that the DPRK always regards talks as the only means of solving problems and that they should be held on an equal and just base, according to the country's official 'LABOR NEWS' today.

Pressure and threats will never solve the nuclear issue on the Korean peninsula, the statement went on commenting that the root of all unsolved problems between the DPRK and the U.S., including the nuclear issue, is based on misunderstanding and distrust.

The DPRK delegation believes that the talks will be positive if a basis of trust and understanding is established and it hopes its U.S. counterpart will demonstrate sincerity and cooperation.

The DPRK and the U.S. reached an agreement during the visit of former U.S. President Jimmy Carter to Seoul and Pyongyang in June to set up a third round of talks on the nuclear issue and on bilateral political and economic matters.

The two sides are scheduled to start the talks today in the headquarters of the DPRK delegation in Geneva.

U.S., DPRK Hold Talks

OW0907033494 Beijing XINHUA in English 0253
GMT 9 Jul 94

[Text] Geneva, July 8 (XINHUA)—The United States and the Democratic People's Republic of Korea (DPRK) described the third round of their talks as "productive" and "useful" in a joint communique published here today.

The new round of talks, which began here today, mainly focused on the DPRK's nuclear program inspection. The second round of negotiations between the two countries was held in Geneva last July.

U.S. Assistant Secretary of State Robert L. Gallucci, head of the American delegation, said the two sides had

exchanged views on many issues during the talks, with the DPRK's nuclear problem as the particular concern.

But Gallucci, who had said he was hopeful of the new talks before the meeting, declined to disclose any detail in the talks.

According to DPRK Vice Minister of Foreign Affairs Kang Sok-chu, who led the DPRK delegation, both sides said at the meeting that they should narrow their differences and solve the nuclear issue through dialogue.

A U.S. official, who declined to give his name, said the United States would take necessary measures to normalize their relations with the DPRK and their first step might be establishment of a liaison office or consular institution.

The official said the objective of the U.S. was to achieve the DPRK's cooperation with the International Atomic Energy Agency (IAEA) and make it accept the IAEA's inspection of its nuclear facilities.

According to a communique issued by the DPRK delegation before the talks, dialogue is the only way leading to the solution of the nuclear issue. The communique also said that pressures and threats could not result in a solution of the problems.

The negotiations will continue next Tuesday [12 July].

XINHUA Previews Upcoming G-7 Naples Summit

OW0807144494 Beijing XINHUA in English 1403 GMT 8 Jul 94

[Text] Naples, Italy, July 8 (XINHUA)—The summit of the Group of Seven industrialized nations (G-7) is due to begin this evening in a medieval castle in this Italian city.

Issues to be discussed by the leaders of the G-7 countries range from employment, economic recovery, Bosnia, Rwanda and even the shutdown of the Chernobyl nuclear center in Ukraine.

The summit is being held against the background of a gradual economic recovery of Western countries, an unstable U.S. dollar, and a 20 million unemployment population in the G-7 countries.

The United States is worried mostly by its trade deficit and President Bill Clinton has written to all the other leaders attending the summit to consider discussing the liberalization of international trade and the raising of even more trade barriers by countries like Japan.

However, Japan and Germany are more concerned with the fall of the U.S. dollar on international exchange markets. Japanese Prime Minister Tomiichi Murayama met with Clinton today and said later at a press conference that there would be no immediate return to stability in the dollar-yen exchange rate.

France is more interested in helping poor countries, essentially, according to pundits, so that the richer countries can enjoy a more stable international environment for their own good and welfare.

French President Francois Mitterrand said today when receiving an honorary doctorate degree at the Naples University that it would be "suicidal" for rich countries to turn their backs on the poor countries.

Employment will be a common topic for the seven leaders, although the seven countries all have different problems over this issue.

However, no specific methods for solving unemployment is expected from this summit and local media said that most probably, protocol will be the most important topic.

Russian President Boris Yeltsin will play a participating role at the G-7 summit, the first for any Russian (or Soviet) leader, although it is expected he will have only specific and limited involvement.

XINHUA Reports on G-7 Leaders Summit in Naples

Summit Opens

OW0807213094 Beijing XINHUA in English 2115 GMT 8 Jul 94

[Text] Naples, Italy, July 8 (XINHUA)—Leaders from the Group of Seven major industrialized nations formally opened their annual economic summit here this evening when they sat down to an official dinner after bilateral meetings between them earlier in the day.

Italian Prime Minister Silvio Berlusconi, current president of the G-7, hosted the official welcome for his co-summiteers at the Castle Dell'ovo in this southern Italian seaside town built in the shadow of the volcano Vesuvius.

The dinner provided a chance for further informal conversations and exchanges of views before the start of the full-scale discussions tomorrow morning.

The leaders of the seven major economic powers—Britain, Canada, France, Germany, Italy, Japan and the United States—will focus their discussions on jobs and non-inflationary economic growth respectively in their countries, as well as solutions to the 27-month-old civil war in Bosnia and other conflicts in the world, according to the official agenda of the summit.

While the leaders may find a common interest in jobs creation at a time when unemployment is becoming increasingly a headache for their governments, they pursue different macroeconomic policies towards job growth.

Other issues, including the dollar's recent slump, will be discussed on the sidelines of the summit if not put on the official agenda of the gathering.

With each country harboring their own ideas, few people expect the meeting to produce any significant tangible results on jobs and other issues.

The Italian press said the summit is likely to be another triumph of pomp dominated by symbolic and protocol factors.

Former Italian Premier Giuliano Amato, widely regarded as a front-runner to replace Jacques Delors as European Commission president, cast doubt upon the need of holding summits, like the G-7 one in Naples.

"For years one can see the development of a frustrating gap between the size of the 'show', the expectations it generates and then what is achieved in the end," Amato wrote in the Italian weekly PANORAMA.

On Sunday, the last day of the summit, Russian President Boris Yeltsin will be allowed to join in the political talks of the summit for the first time. But the Russians will still be barred from the economic discussions.

The most conspicuous of the pre-summit bilateral meetings was the one between U.S. President Bill Clinton and Japan's new prime minister, Tomiichi Murayama, who discussed the trade dispute between the two countries and the dollar's continuous slide.

While Murayama said Japan will not be pressing for immediate intervention to correct the turbulence in currency markets caused by the dollar's fall, Clinton agreed that there was no reason to step in with short-term government intervention to buoy the ailing dollar.

Leaders' Talks Open

OW0907121894 Beijing XINHUA in English 1127
GMT 9 Jul 94

[Text] Naples, Italy, July 9 (XINHUA)—The leaders of the Group of Seven major industrialized nations sat down to business here this morning, focusing their discussions on issues ranging from the global economy and Russia's economic situation to the currency market chaos.

They will issue an economic declaration later in the day, coordinating their approaches towards these issues.

Attending this morning's working discussions were President Bill Clinton of the United States, Chancellor Helmut Kohl of Germany, President Francois Mitterrand of France, Prime Minister John Major of Britain, Prime Minister Jean Chretien of Canada and Prime Minister Silvio Berlusconi of Italy.

The Japanese delegation was led by Foreign Minister and Deputy Prime Minister Yohei Kono because Prime

Minister Tomiichi Murayama fell ill last night, suffering from an upset stomach which appeared to have been caused by a heat stroke.

The foreign, finance and trade ministers of the seven countries were holding parallel talks.

At last night's dinner which formally opened the three-day summit, the leaders expressed optimism about the prospects of economic recovery and job growth in their countries.

During the bilateral meetings between the leaders prior to the official opening of the summit, they sought each other's views on such issues as unemployment in the West, the turbulence on currency markets caused by the dollar's slide, the Bosnian war and plans for aids to Ukraine to help the former Soviet republic to permanently close down the Chernobyl nuclear power plant.

Japanese Premier Misses Talks

OW1007003794 Beijing XINHUA in English 1558
GMT 9 Jul 94

[Text] Naples, Italy, July 9 (XINHUA)—Japanese Prime Minister Tomiichi Murayama, who was rushed to hospital last night after being ill, will not attend today's meetings of the Group of Seven nations, a Japanese spokesman said.

Murayama, 70, was hospitalized last night from the opening dinner of the summit for treatment of diarrhoea and dehydration, and remained in hospital today for rest.

Deputy Chief Cabinet Secretary Hiroyuki Sonoda said Murayama would miss all of today's proceedings, which were devoted chiefly to the economic part of the G-7 agenda.

Sonoda also said that Japan has decided to cancel Murayama's meeting with Russian President Boris Yeltsin, who arrived here this afternoon for the political part of the summit, which groups Britain, Canada, France, Germany, Italy, Japan and the United States.

He said Murayama, who was elected prime minister just 10 days ago, "is recovering and looks well." A doctor treating Murayama said the Japanese prime minister was eager to attend tomorrow's summit talks.

The Japanese delegation at today's talks was led by Foreign Minister and Deputy Prime Minister Yohei Kono.

Discuss Jobs, Global Trade Issues

OW1007015294 Beijing XINHUA in English 1741
GMT 9 Jul 94

[Text] Naples, Italy, July 9 (XINHUA)—The leaders of the Group of Seven major economic powers agreed today to adopt more flexible measures to tackle the grave

jobless situation in their countries on the second day of their annual summit dominated by economic issues.

The G-7 leaders also agreed to offer 200 million U.S. dollars in immediate aid to help close down the Chernobyl nuclear plant in Ukraine.

U.S. President Bill Clinton, however, was forced to withdraw a proposal for a fresh review of world trade barriers, due to European opposition at the economic working sessions.

As unemployment is becoming the number one headache for their governments, the leaders agreed that each country should adopt "more flexible" policies towards the problem and job creation, summit sources said.

The leaders said conditions were ripe for non-inflationary growth in their countries. The U.S. has cut its budget deficit, Europe and Canada were recovering and curbing public deficits, and Japan has promised to further tax reductions and market opening.

The leaders—President Bill Clinton of the U.S., Chancellor Helmut Kohl of Germany, President Francois Mitterrand of France, Prime Minister John Major of Britain, Prime Minister Jean Chretien of Canada, Prime Minister Tomiichi Murayama of Japan and Prime Minister Silvio Berlusconi of Italy, pledged 200 million U.S. dollars to help close the Chernobyl nuclear plant.

The sum is in addition to the 120 million U.S. dollars pledged by the European Union [EU] and the final amount is part of a five-year plan to close the nuclear plant completely and replace it with three new reactors.

Chernobyl was the scene of the world's worst nuclear disaster in April 1986.

Clinton suffered a setback when he had to withdraw his proposal in the face of opposition from France, Germany and the EU, who said the U.S. plan was premature and could jeopardize ratification of the GATT accord signed in April in Morocco.

Clinton, writing to his co-summiteers on the eve of the Naples gathering, urged an early review of obstacles to trade in sectors such as telecommunications, financial services and aviation that were not resolved by the GATT world trade treaty last year.

The summit took no concerted action on the ailing dollar and the leaders agreed that the best response to the U.S. currency's slump was to send the markets a clear signal about the improving situation of the global economy.

Clinton said yesterday that the summit should concentrate on economic fundamentals and not over-react to the dollar's fall.

However, currency markets were not impressed and the dollar's weakness was continuing.

An economic declaration was expected to be released later in the day.

G-7 Leaders Vow To Create Jobs

OW1007050994 Beijing XINHUA in English 0412
GMT 10 Jul 94

[Text] Naples, July 9 (XINHUA)—The leaders of the Group of Seven most industrialized countries today vowed to create more jobs, prior to conclude their summit meeting here on Sunday [10 July].

In a communique, the leaders expressed their pleasure over the global economic recovery, but conceded that they had failed to increase employment.

"Recovery is under way," the communique says, and adds that inflation in their countries is at a 30-year low.

But it stresses that in the G-7 countries there are still more than 24 million jobless people.

The communique calls for rapid economic growth, stability and the speeding up of reforms in order to create more jobs.

It also stresses the need for better education, bemoaning the fact that so many young people are unemployed, and for new technology.

As expected, the leaders did not produce any rescue package for the weak U.S. dollar.

In their communique the leaders also agreed to put money into Ukraine to avert an economic collapse there and enable it to close down the Chernobyl nuclear site.

They pledged to offer up to four billion U.S. dollars for economic reforms plus an immediate 200 million U.S. dollars to shut Chernobyl.

They agreed to hold their next summit meeting, the 21st, in Halifax in Canada next year.

Leaders Begin Political Discussions

OW1007122494 Beijing XINHUA in English 1006
GMT 10 Jul 94

[Text] Naples, Italy, July 10 (XINHUA)—Leaders of the Group of Seven major industrial nations, joined by Russian President Boris Yeltsin, began political discussions at their annual summit here today with the Bosnian war to be on top of the agenda.

After committing themselves firmly to tackling the scourge of mass unemployment in their countries in an economic declaration Saturday, the G-7 leaders began to focus their attention on the hot spots in the world, including Bosnia, Haiti, Rwanda and the Middle East.

The political talks are also expected to be dominated by the situation on the Korean peninsula.

For the first time Yeltsin was taking part in the political discussions of the G-7 summit, but he remains outside the economic part of the gathering, which has brought

together the leaders of Britain, Canada, France, Germany, Italy, Japan and the United States.

The G-7 will not issue a political declaration this year. Instead, Italian Prime Minister Esilvio Berlusconi, as summit chairman, will sum up the political talks by reading out the political conclusion at the end of the summit.

Japanese prime minister, who missed the entire proceedings of Saturday's talks after falling ill on Friday night, was attending today's session, which started almost an hour behind schedule.

Summit Ends With Statement on Bosnia

OW1007163194 Beijing XINHUA in English 1606
GMT 10 Jul 94

[Text] Naples, Italy, July 10 (XINHUA)—The leaders of the Group of Seven industrial nations and Russia issued a stern warning today to Bosnia's factions that the civil war there could become larger if they reject an international peace plan.

In a statement issued at the end of their annual summit here, the G-7 leaders, joined by Russian President Boris Yeltsin, gave the warring sides in the former Yugoslav republic a July 19 deadline to accept the plan or face tougher sanctions.

"We strongly believe that the parties to the Bosnian conflict should accept the plan... We urge them to do so before July 19. If the opportunity is not seized, there is a grave risk of renewal of war on a larger scale," the statement said.

"We shall ensure that the measures made known to the parties, in the event of either acceptance or refusal, are implemented," said the chairman's statement, read by Italian Prime Minister Silvio Berlusconi, the current chairman of the G-7.

The plan, drawn up by the "contact group"—negotiators from the U.S., Britain, France, Germany and Russia—calls for a division of Bosnia giving 51 percent to a Muslim-Croat federation and 49 percent to the Bosnian Serbs, who now hold nearly 70 percent.

On other trouble spots around the world, the summit urged Yemen to resolve political differences in the country through dialogue and by peaceful means, and demanded that Haiti's military leadership allow the return of President Jean-Bertrande Aristide.

The statement also demanded the full implementation of UN Gulf War resolutions concerning Iraq, and supported France's humanitarian military intervention in Rwanda, where an estimated 500,000 people have been killed in the civil war.

The G-7 leaders also condemned the recent massacre of seven Italian sailors in Algeria, and urged the Italian Government to continue dialogue with all members of society who reject violence.

The statement welcomed the recent Palestinian-Israeli accord on self-rule, saying that aid should be delivered quickly to the Palestinians to improve their living conditions, and that progress be made in negotiations to ensure a lasting Middle East peace.

The statement also saluted the end of apartheid in South Africa.

On the situation in the Korean peninsula, the leaders asked the Democratic People's Republic of Korea to continue their talks with the U.S. and go forward with the scheduled summit meeting with South Korea.

'News Analysis' Views G-7 Ultimatum to Bosnian Factions

OW1107064894 Beijing XINHUA in English 0630
GMT 11 Jul 94

["News analysis" by Yang Yanping: "Ultimatum From G-7, Russia to Bosnian Warring Factions"]

[Text] Naples, Italy, July 10 (XINHUA)—With their patience wearing thin the Group of Seven industrialized nations and Russia today issued a virtual ultimatum to the warring factions in Bosnia demanding their acceptance of an international peace plan.

The G-7 and Russia, ending their political talks here today, are trying to leave no room for doubt that they are serious when they say that if the factions do not accept the plan for the partition of Bosnia, they will face tougher sanctions.

In a statement issued at the end of the three-day G-7 annual summit, the leaders warned the combatants of renewed larger-scale conflict if they rejected the plan to carve up the former Yugoslav republic.

"We strongly believe that the parties to the Bosnian conflict should accept the plan presented to them on July 6 in Geneva. We urge them to do so before July 19," said the statement.

"If this opportunity is not taken, there is a grave risk of renewed conflict on a larger scale," it warned, and added that tougher sanctions against the factions would follow in the event of a rejection of the plan.

The strongly-worded statement reflects both the growing impatience of the Western powers in the face of the complexities of the conflict and the success of the summit in sending a strong signal to the warring parties in Bosnia, analysts say.

Backed by Russia, which is regarded as a traditional ally of the Serbs, the major powers now seem more serious about seeking a feasible settlement of the 27-month-old civil war.

The peace plan drawn up by the "contact group"—negotiators from the United States, Britain, France, Germany and Russia—calls for the territory of Bosnia to

be divided along ethnic lines, giving 51 percent to a Muslim-Croat federation and the remaining 49 percent to the Serbs, who currently control some 70 percent of the entire territory.

British Foreign Secretary Douglas Hurd made it clear that the time has come in Bosnia to decide between total peace and the abyss of barbarity and cruelty. He and French Foreign Minister Alain Juppe are planning to go to Pale, the "capital" of the Bosnian Serbs, in the middle of the week to make sure the strongly-worded message is fully understood.

Italian Foreign Minister Antonio Martino announced that the G-7 and Russia would meet to discuss the Bosnian situation in late September in New York, on the sidelines of the UN General Assembly.

The peace plan has so far met with little enthusiasm from the Muslims and Croats and outright opposition from the Serbs, who refuse to make any territorial concessions.

Further indications that the G-7 and Russia mean business came from Russian President Boris Yeltsin who called for a "G-8" summit in Moscow should the "contact group" peace plan be rejected.

In the event of the plan being rejected, tougher sanctions may be imposed on the Yugoslav federation for its alleged open support for the Bosnian Serbs and the arms embargo on the Muslim forces may be lifted.

Juppe voiced his hope that the message from the Naples summit would give a strong boost to the peace process and pressure the warring sides into accepting the peace plan.

But the possibility of lifting the arms embargo was one of the major causes for concern among the G-7 and Russia, said summit host Italy. Many fear that it will lead to more bloodshed rather than simply allowing the Muslims to protect themselves better.

Italy has often complained about being pushed to the sidelines in international efforts to end the Bosnian war, stressing its proximity to the area of conflict and the fact that its territory is being used by NATO to fly combat missions against Serb forces.

For all the rhetoric uttered by the major powers over Bosnia, however, the enforcement of the threats will be difficult, at least technically, in view of the complexity of the war.

Both the warring factions in Bosnia and the major powers are in for some tough decisions, with the July 19 deadline looming, observers say.

Column Paints Gloomy Picture of G-7 Summit

HK0807123294 Beijing RENMIN RIBAO in Chinese 7 Jul 94 p 6

["News Analysis" column by staff reporters Bao Shishao (7637 0013 4801) and Li Wenzheng (2621 2429 2398): "Numerous Difficulties Are Bessetting G-7 Summit—Previewing Western G-7 Summit"]

[Text] On 8 July, the heads of seven states—the United States, Japan, Germany, Canada, France, Britain, and Italy—will meet in Naples, Italy, to discuss this year's global economic and political situation and consult with each other about how to deal with the many problems confronting Western powers and how to find the way out.

Compared with the Tokyo G-7 Summit a year ago, a series of incidents with significant influence have occurred in the global economic field. For example, NAFTA came into force as of 1 January this year and, after overcoming all kinds of difficulties, the Uruguay Round of World Trade Talks ultimately reached a package of final agreement. The economic recoveries in the United States, Britain, and Canada continue, signs of recovery can also be seen in Europe and Japan, and the global economic situation has been improved. However, the recent drastic drop in the exchange rates between the U.S. dollar and Japanese and European currencies has affected financial markets all over the world. The U.S. Federal Reserve and the central banks of 16 countries have taken joint measures to deal with the problem but have produced very little effect. Since the end of the Cold War, tremendous changes have taken place in the global political pattern, various forces are in the process of reorganizing themselves, the world is moving towards multipolarization, and local conflicts are breaking out without interruption. Clashes have erupted in Yemen and Rwanda at a time when the issue of Bosnian-Herzegovina has yet to be settled. As the G-7 Summit will be held against such a backdrop, what kind of agenda will they discuss?

The U.S. dollar crisis at the end of last month had a great impact on Western financial markets. From last January onward, the Lond Financial Times Stock Exchange has dropped 15 points so far, whereas the indexes in other key stock exchanges have also dropped 10 points. A weak U.S. dollar further hits investor confidence and affects the prospects of U.S. economic recovery. How to coordinate their economic policies, maintain the momentum of incipient economic recovery in the West, and defuse the U.S. dollar crisis to stabilize the international financial markets are perhaps the most pressing problems for the Naples Summit. It is known that the U.S. and German Central Banks are prepared to discuss concrete monetary policies before the summit so that the leaders can finally fix it while attending the summit.

The employment issue will be a major agenda at this summit. In 1994, the number of unemployed in OECD

member countries hit 35 million, accounting for 9 percent of the combined populations but accounting for as high as 11 percent in Europe. The extent to which various state leaders are concerned about the employment issue can be classified as unprecedented. However, various countries have subtle differences in their views on the employment issue. For example, Japan and the European countries attach importance to structural reorganization, whereas the United States is concerned about macroeconomic policies thus, how to reach a consensus is still a problem. The international trade environment is another problem confronting the West. From last year on, the situation wherein the United States and European countries incur high deficits in trading with Japan basically remains unchanged. After intensive haggling over the settlement of the \$60 billion deficit incurred by the United States in trading with Japan, both parties made some points of intent but failed to reach any concrete agreement. This time, how the new Japanese prime minister consults and coordinates with U.S. and European leaders has still to be seen.

Faced with the increasingly volatile international political situation, this summit cannot but have more political tints. After discussing economic issues they are going to send an exceptional invitation to Russian President Yeltsin to formally take part in discussing political issues and to jointly draft the political document. Not long ago, the "Coordination Group" formed by the United States, Russia, and West European countries repeatedly consulted with each other about the volatile situation in Bosnia-Herzegovina and worked out a peace package which divided land according to race. After it had been talked over by the foreign ministers of the United States and four European countries, the package has been submitted to this "seven plus one" summit to coordinate their stands and jointly exert influence on all parties involved in the Bosnia-Herzegovina conflict.

It is known that this summit will also discuss the issues of Russian entry into the G-7 Summit and aiding former Soviet countries and regions. In addition, issues such as broadening UN functions, the Ukraine's nuclear problem, the conflict in Rwanda, the tense situation on the Korean Peninsula, population control, and the information expressway will be on the summit agenda. The G-7 Summit has functioned well in the past but, under the current political situation, it is doubtful whether or not it can play the same role. Moreover, different internal problems exist in various countries in the West. For example, Japanese Prime Minister Tomiichi Murayama has just formed his cabinet, British Prime Minister Major is in danger of stepping down, and general elections will be held in Germany and France this fall and next spring respectively. Leaders' The room for maneuver for the leaders is subject to various constraints and their ability is, perhaps, unequal to their ambitions. It will not be easy to reach a consensus on political or economic issues.

United States & Canada

Liu Huaqing, U.S. Admiral Discuss DPRK Nuclear Issue

OW0807132094 Beijing XINHUA in English 1305
GMT 8 Jul 94

[Text] Beijing, July 8 (XINHUA)—General Liu Huaqing, vice-chairman of China's Central Military Commission, met with Admiral C.R. Larson, commander-in-chief of the Pacific Command of the U.S. armed forces, here today.

Liu, extending a welcome, said that Larson's significant visit will help enhance relations between the two countries and the two armed forces.

Larson said he is happy to visit China and see that the U.S. and China have "renewed military contact."

Larson said that the U.S. and China "have common interests" in maintaining stability in the Asia-Pacific region and in developing the economy, and they "can work together" in many areas.

Voicing agreement, Liu said that the U.S., the biggest developed country, and China, a large developing nation, are both playing important roles in international affairs.

He noted that the Chinese Government "takes a positive attitude" toward the development of friendly cooperation between the two militaries as well as the two countries and hopes to increase friendly exchanges between the two armed forces.

He added that such exchanges and cooperation are conducive not only to the two countries, but to peace and stability in the world at large.

Liu and Larson also exchanged views on the nuclear issue on the Korean peninsula and on other issues of the region. Liu expressed the hope that the forthcoming talks on the nuclear issue will be successful.

During the meeting, Larson conveyed the regards of U.S. Defense Secretary William Perry to Liu. Liu asked Larson to convey his regards to Perry, saying he is looking forward to Perry's coming visit to China.

General Xu Huizi, deputy chief of General Staff of the Chinese People's Liberation Army [PLA], and U.S. Ambassador to China Stapleton Roy, were present at the meeting.

Earlier today, General Zhang Wannian, chief of General Staff of the PLA, also met with Larson and his party.

Larson's visit is scheduled to end today.

More on Meeting

OW0807140194 Beijing XINHUA Domestic Service in Chinese 1215 GMT 8 Jul 94

[By reporter Lu Jing (4151 0513)]

[Text] Beijing, July 8 (XINHUA)—General Liu Huaqing, vice chairman of the Central Military Commission, met Admiral Larson, commander-in-chief of the Pacific Command of the U.S. Armed Forces, and his party at the Great Hall of the People this afternoon.

Liu Huaqing extended his welcome to China for the visit by Larson and his party. He said: This visit is very significant. It will help enhance relations between China and the United States and between the armed forces of the two countries.

Larson said that he was happy to visit China and see that contact between the U.S. and Chinese armed forces had resumed. He said: The United States and China have common interests in maintaining stability in the Asian-Pacific region and in developing the economy. They can enhance cooperation in many areas.

Voicing agreement, Liu Huaqing said: The United States is the biggest developed country and China is a big developing country. Both countries are playing important roles in international affairs. The Chinese Government takes a positive attitude toward the development of friendly cooperation between the two militaries as well as the two countries and hopes to constantly increase friendly exchanges between the two countries and the two armed forces. Such exchanges and cooperation are conducive not only to the two countries, but to peace and stability in the world at large.

The two sides also exchanged views on regional issues of common interest, including the nuclear issue on the Korean peninsula. Liu Huaqing expressed the hope that the forthcoming talks on the nuclear issue on the Korean peninsula would be successful.

During the meeting, Larson conveyed the regards of U.S. Defense Secretary Perry to Liu Huaqing. Liu Huaqing asked Larson to convey his regards to Perry, saying he was looking forward to Perry's coming visit to China.

General Xu Huizi, deputy chief of general staff of the Chinese People's Liberation Army (PLA), and U.S. Ambassador to China Stapleton Roy, were present at the meeting.

General Zhang Wannian, chief of general staff of the PLA, also met Larson and his party in the morning.

Larson and his party are scheduled to conclude their visit to China and leave Beijing for home this evening.

Northeast Asia**DPRK President Kim Il-song Passes Away**

OW0907034794 Beijing XINHUA in English 0327 GMT 9 Jul 94

[Text] Pyongyang, July 9 (XINHUA)—Kim Il-song, leader of the Democratic People's Republic of Korea passed away Friday [8 July]. Pyongyang radio and television reported today.

XINHUA Domestic Reports Kim Il-song's Death

OW0907054794 Beijing XINHUA Domestic Service in Chinese 0513 GMT 9 Jul 94

[Text] Pyongyang, 9 Jul (XINHUA)—According to a broadcast of the Korean national radio and television station today, Kim Il-song, general secretary of the Korean Workers' Party [KWP] Central Committee and president of the Democratic People's Republic of Korea [DPRK], died of heart attack at 0200 [1700 GMT] in Pyongyang on 8 July 1994 at the age of 82.

The KWP Central Committee, KWP Central Military Commission, DPRK Defense Committee, Central People's Committee, and Administrative Council have issued an obituary in connection with President Kim Il-song's death.

XINHUA Carries Deng Message on Kim Il-song's Death

OW0907125794 Beijing XINHUA in English 1240 GMT 9 Jul 94

[Text] Beijing, July 9 (XINHUA)—Deng Xiaoping today sent a message of condolence to the Central Committee of the Workers' Party of Korea, expressing deep grief at the death of Kim Il-song, president of the Democratic People's Republic of Korea. The message reads:

"I was shocked and deeply grieved to learn of the passing away of President Kim Il-song.

The life of Comrade Kim Il-song was one devoted to the national liberation of Korea and the happiness of the Korean people, and one dedicated to the forging and development of Sino-Korean friendship. With the passing away of Comrade Kim Il-song, the Korean people lost a great leader and I, a close comrade-in-arms and comrade.

I wish to express my deepest condolence to the Central Committee of the Workers' Party of Korea, the Government of the Democratic People's Republic of Korea and the entire Korean people on his death."

XINHUA Domestic Version

OW0907125194 Beijing XINHUA Domestic Service in Chinese 1155 GMT 9 Jul 94

[Text] Beijing, 9 Jul (XINHUA)—Comrade Deng Xiaoping today sent a cable to the Workers Party of Korea [WPK] Central Committee to express his profoundest condolences on the passing of Kim Il-song, general secretary of the WPK Central Committee and DPRK president. The text of the condolence message is as follows:

To the WPK Central Committee:

I am distressed over and deeply regret to learn of the passing of President Kim Il-song.

The life of Comrade Kim Il-song was one that was dedicated to the national liberation of Korea and the people's happiness, and it was also one dedicated to founding and developing Sino-Korean friendship. The Korean people lost a great leader, and I myself lost a close comrade in arms and comrade in the passing of Comrade Kim Il-song.

I wish to extend my profoundest condolences to the WPK Central Committee, the DPRK Government, and all the Korean people.

[Signed] Deng Xiaoping

[Dated] 9 July 1994, in Beijing

Jiang Zemin, Li Peng, Qiao Shi Message on Kim Il-song Death

OW0907132494 Beijing XINHUA Domestic Service in Chinese 1220 GMT 9 Jul 94

[Text] Beijing, 9 Jul (XINHUA)—Today, Jiang Zemin, general secretary of the CPC Central Committee, chairman of the CPC Central Military Commission, and PRC president; State Council Premier Li Peng; and Qiao Shi, chairman of the National People's Congress [NPC] Standing Committee, jointly cabled the Workers Party of Korea [WPK] Central Committee, the WPK Central Military Commission, and the DPRK State Administration Council to express their most profound condolences on and sincerest sympathy for the unfortunate passing of Comrade Kim Il-song. The full text of their condolence message is as follows:

To the WPK Central Committee, the WPK Central Military Commission, and the DPRK State Administration Council

We are shocked to learn of the unfortunate passing of Comrade Kim Il-song, general secretary of the WPK Central Committee and DPRK president. With immeasurably deep grief, we express our most heartfelt condolences and sincerest sympathy to you and through you to all the Korean people.

Comrade Kim Il-song was the founder of the WPK and the DPRK and a long-tested, great leader of the Korean people. In a revolutionary career that spanned more than half a century, Comrade Kim Il-song led the Korean people in building a poor and backward country into a strong socialist country. He dedicated the efforts of his entire life to the Korean people's glorious cause of fighting for national liberation, maintaining independence, and building socialism, thereby making immortal historical contributions.

Comrade Kim Il-song always maintained and developed the traditional friendship between the Chinese and Korean peoples with tremendous enthusiasm. He forged a profound friendship with China's revolutionaries of the older generation and promoted the continuous development of Sino-Korean friendly cooperation. The Chinese party, government, and people are deeply grieved over the passing of Comrade Kim Il-song.

Although Comrade Kim Il-song has passed away, his lofty image will live forever in the hearts of the Korean people, and the Chinese people will forever cherish their memory of him. We firmly believe that the Korean people will surely carry out Comrade Kim Il-song's behests, closely rally around the WPK Central Committee led by Kim Chong-il, and continue to march forward for the purposes of successfully building their own motherland and striving for sustained peace on the Korean peninsula. The friendship between the CPC and the WPK, between the PRC and the DPRK, and between the Chinese and Korean peoples will surely continue to consolidate and develop.

Eternal glory to Comrade Kim Il-song!

[Signed] Jiang Zemin, general secretary of the CPC Central Committee, chairman of the CPC Central Military Commission, and PRC president; PRC State Council Premier Li Peng; and Qiao Shi, chairman of the NPC Standing Committee of the PRC, in Beijing on 9 July 1994

Jiang Zemin, Li Peng, Qiao Shi Send Cable on Kim's Death

OW0907134994 Beijing XINHUA in English 1318 GMT 9 Jul 94

[Text] Beijing, July 9 (XINHUA)—Top Chinese leaders sent a joint message of condolence today to the Democratic People's Republic of Korea (DPRK) over the death of President Kim Il-song, who died of heart attack yesterday at the age of 82.

The message from Chinese President Jiang Zemin, Premier Li Peng and Chairman of the Standing Committee of the National People's Congress Qiao Shi was addressed to the Central Committee of the Workers' Party of Korea, the Central Military Commission of the party and the Administration Council of the DPRK.

The messages reads:

"Shocked to learn of the death of Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the DPRK, we wish to express heavy-heartedly our deepest sorrow and sincerest condolence to you, and through you, to the entire Korean people.

Comrade Kim Il-song was the founder of the Workers' Party of Korea and the DPRK, and the long-tested great leader of the Korean people. During his revolutionary career of half a century and more, Comrade Kim Il-song led the Korean people in building a poor and backward country into a staunch socialist state. He devoted all his time and energy to the Korean people's magnificent cause of achieving national liberation, maintaining independence and building socialism, and accomplished immortal and historic feats.

Comrade Kim Il-song always strove to preserve and promote the traditional friendship of the peoples of China and Korea with great zeal. He maintained deep friendship with the older generation of Chinese revolutionaries and incessantly pushed forward the friendly and cooperative relations between the two countries. The demise of Comrade Kim Il-song has plunged the Communist Party, the government and the people of China into great grief.

Though Comrade Kim Il-song is dead, his lofty image will always remain in the hearts of the Korean people. The Chinese people will always remember him. It is our strong belief that the Korean people will surely carry out his behest, unite closely around the Workers' Party of Korea led by Comrade Kim Chong-il, and continue their efforts in building their country well and achieving a lasting peace for the Korean peninsula. The friendship between the two parties, two countries and two peoples is bound to develop and grow stronger steadily.

Eternal glory to Comrade Kim Il-song!"

Jiang Zemin, Top Officials Pay Respects at DPRK Embassy

OW1107092894 Beijing XINHUA in English 0907 GMT 11 Jul 94

[Text] Beijing, July 11 (XINHUA)—Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, went to the Embassy of the Democratic People's Republic of Korea here this morning to pay respects to late General Secretary Kim Il-song of the Central Committee of the Korean Workers' Party.

Jiang, also Chinese president and chairman of China's Central Military Commission, arrived at the embassy at 9:25 A.M. along with Liu Huaqing, Standing Committee member of the Political Bureau of the party Central Committee and vice-chairman of the Central Military Commission, and Hu Jintao, another Standing Committee member of the Political Bureau of the party Central Committee.

Jiang, Liu and Hu made three bows before the portrait of Kim who also served as DPRK president.

Jiang wrote on the memorial book: "Eternal glory to President Kim Il-song."

In front of the portrait of Kim were wreaths presented by Chinese leaders including Jiang Zemin, Deng Xiaoping, Li Peng, Chen Yun, Qiao Shi, Li Ruihuan, Peng Zhen, Zhu Rongji, Liu Huaqing, Hu Jintao, Qian Qichen, Yang Shangkun, Wan Li, Yao Yilin, Song Ping, Bo Yibo and Song Renqiong.

Jiang said to DPRK Ambassador to China Chu Changchun: "On hearing the passing away of President Kim Il-song, we are all deeply grieved. I offer my profound sympathy to the Central Committee of the Korean Workers' Party, the DPRK Government and the Korean people. I believe that the Korean people will restrain from grief and, rallying around the Central Committee of the Korean Workers' Party headed by Comrade Kim Chong-il, carry forward the glorious cause started by President Kim Il-song."

The ambassador expressed thanks to Jiang and other Chinese leaders. He said the death of Great Leader Kim Il-song is a big loss for the Korean people.

He added that the entire Korean Workers' Party, all the Korean people and all commanders and fighters of the Army will rally around Comrade Kim Chong-il, turn grief into strength and make the great cause started by President Kim Il-song more glorious.

Those who went to the embassy also included Qian Qichen, Chen Xitong, Zhang Zhen, Chi Haotian, Luo Gan, Zeng Qinghong, Zhang Wannian, Li Shuzheng, Wu Yi and Tian Zengpei.

Wreaths were also sent by the Chinese Communist Party Central Committee, the National People's Congress Standing Committee, the State Council, the Central Military Commission, the Chinese People's Political Consultative Conference National Committee, the Foreign Ministry, the International Liaison Department of the party Central Committee, the Ministry of National Defence, the Ministry of Foreign Trade and Economic Cooperation, the Ministry of Culture, the State Physical Culture and Sports Commission, the Beijing Municipal Government, the All-China Federation of Trade Unions, the Central Committee of the Communist Youth League, the All-China Women's Federation, the Chinese People's Association for Friendship With Foreign Countries and the China-Korea Friendship Association.

Leaders Cable Condolences on Kim Il-song Death

OW0907155094 Beijing Central Television Program One Network in Mandarin 1100 GMT 9 Jul 94

[Announcer-read report; from the "National News Hookup" program]

[Text] Today, Comrades Jiang Zemin, Li Peng, and Qiao Shi cabled the Central Committee of the Workers Party of Korea [WPK], the WPK Central Military Commission, and the State Administration Council of the DPRK to express their most profound condolences on the unfortunate passing away of Comrade Kim Il-song due to illness. The full text of their message of condolence is as follows:

We are shocked to learn about the unfortunate passing away of Comrade Kim Il-song, general secretary of the WPK Central Committee and president of the DPRK. With immeasurably deep grief, we express our most heartfelt condolences and sincerest sympathy to you and through you to all the Korean people.

Comrade Kim Il-song was the founder of the WPK and the DPRK and a long-tested great leader of the Korean people. In a revolutionary career that spanned more than half a century, Comrade Kim Il-song led the Korean people to build a poor and backward country into a strong socialist country. He dedicated the efforts of all his life to the Korean people's glorious cause of fighting for national liberation, maintaining independence, and building socialism, thereby making immortal historical contributions.

Comrade Kim Il-song always maintained and developed the traditional friendship between the Chinese and Korean peoples with tremendous enthusiasm. He forged a profound friendship with China's revolutionaries of the older generation and promoted the continuous development of friendly and cooperative relations between the two countries. The Chinese party, Government, and people are deeply grieved over the passing away of Comrade Kim Il-song.

Though Comrade Kim Il-song passed away, his lofty image will live in the hearts of the Korean people forever and the Chinese people will cherish the memory of him forever. We firmly believe the Korean people will surely carry out Comrade Kim Il-song's behests, closely rally around the WPK Central Committee led by Kim Chong-il, and continue to march forward for the purposes of successfully building their own motherland and striving for sustained peace on the Korean peninsula. The friendship between the CPC and the WPK, between the PRC and the DPRK, and between the Chinese and Korean peoples will surely continue to consolidate and develop.

Eternal glory to Comrade Kim Il-song!

[Signed] Jiang Zemin, general secretary of the CPC Central Committee, chairman of the CPC Central Military Commission, and president of the PRC; Li Peng, premier of the State Council of the PRC; and Qiao Shi, chairman of the Standing Committee of the National People's Congress of the PRC, in Beijing on 9 July 1994.

Foreign Ministry Expresses 'Deep Sadness' Over Kim Death

OW0907113894 Tokyo KYODO in English 1126 GMT 9 Jul 94

[Text] Beijing, July 9 KYODO—China's Foreign Ministry issued a statement Saturday [9 July] expressing the country's "deep sadness" at the death of North Korean President Kim Il-song and called on the Korean people to fulfill the undertaking of peace and stability on the Korean peninsula.

"He devoted the energies of a lifetime to the cause of national liberation for the Korean people and the undertaking of socialism," the statement said.

"He also devoted a lot of vitality toward maintaining and developing the traditional friendship between the peoples of China and Korea," the short statement said.

"The Chinese people will forever remember him," it said.

"We believe the Korean people will carry out the work bequeathed by Chairman Kim Il-song and closely unite for the construction of their own motherland, maintain the peace and stability of the Korean peninsula and complete the full expression of the undertakings of Chairman Kim Il-song," it said.

Japanese, U.S. Lawmakers Refused Entry Into DPRK

OW0907135994 Tokyo KYODO in English 1121 GMT 9 Jul 94

[Text] Beijing, July 9 KYODO—A Japanese lawmaker and two U.S. Congressmen were refused entry into North Korea on Saturday [9 July] following announcement of the death of North Korean leader Kim Il-song, Japanese delegation officials said.

Officials from the North Korean Embassy in Beijing told a Japanese delegation led by wrestler-turned lawmaker Kanji "Antonio" Inoki at Beijing Airport that it would not admit the group into North Korea, the officials said.

The embassy also refused to allow two U.S. Congressmen to visit North Korea. The two were scheduled to board the same flight as the Japanese delegation, they said.

But travelers on business trips or for sightseeing were apparently allowed to enter North Korea, according to the officials.

Inoki, a member of the House of Councillors who belongs to the Sports Peace Party, was scheduled to leave Beijing for Pyongyang on Saturday afternoon at the invitation of the North Korean Government to meet the daughter of his wrestling hero, the late Rikidozan.

His hosts included Pak Myong-chol, chairman of the State Physical Culture and Sports Committee and head

of the country's Olympic Committee, and Kim Yong-sun, secretary in charge of International Affairs of the Korean Workers Party.

According to the Japanese officials, the North Korean Embassy officials told the four-member delegation that its hosts cannot admit the Japanese group for "inevitable reasons."

During his scheduled stay in North Korea until Thursday, Inoki was supposed to meet the daughter of Rikidozan, a favorite of Japanese wrestling fans during the 1950s.

Rikidozan, or Kim Sin-nak, was stabbed to death in 1963. His eldest daughter, Kim Yong-suk, still lives in North Korea and Inoki has hoped to meet her during the visit.

Inoki was also hoping to promote sports exchanges between Japan and North Korea.

Daily Views Post-Kim Il-song Korea

*HK1107100594 Hong Kong TA KUNG PAO in Chinese
10 Jul 94 p 2*

["Weekly Roundup" by Kung Yao-wen (7895 5069 2429): "Kim Il-song Dies Suddenly, Kim Chong-il Succeeds"]

[Text] The world was taken aback by the news broadcast from Pyongyang Radio yesterday morning that Kim Il-song, president of the DPRK, had died suddenly of heart problems. According to Pyongyang Radio, the Korean people were grieving over the loss of their great leader. The radio also indicated that Kim Chong-il will succeed President Kim Il-song and will lead the Korean Workers' Party, Government, and military in following the path charted by President Kim Il-song.

Leaders of many countries including U.S. President Bill Clinton, ROK President Kim Yong-sam, and Yohei Kono, Japanese deputy prime minister and foreign minister have expressed their condolences and sympathy.

Chinese leaders Jiang Zemin, Li Peng, and Qiao Shi have also sent messages of condolence to Pyongyang, expressing their most heartfelt sympathy and most sincere regards. They also said they firmly believe that the Korean people will certainly carry out the behest of President Kim Il-song and close ranks around the Korean Workers' Party with Kim Chong-il at the core, to develop Korea and strive for lasting peace on the peninsula.

Deng Xiaoping also sent a telegram of condolence, praising Kim Il-song for giving his life to seeking liberation and happiness for the Korean nation and for establishing and developing Sino-Korean friendship.

How Will DPRK-U.S. and DPRK-ROK Talks Continue?

Kim Il-song, aged 82, had reportedly been in bad shape for some time but in his remaining months he still got directly involved in DPRK-U.S. talks and planned to attend the DPRK-ROK summit scheduled for late July in an attempt to relax tension on the Korean Peninsula. He worked hard day and night regardless of his old age until he died of heart problems. This shows he was worthy of being the great leader of the Korean people.

The present problem is how will the DPRK-U.S. talks and the DPRK-ROK summit, which will have a great bearing on the situation on the Korean Peninsula, continue? How will Kim Chong-il as successor to his father deal with complicated DPRK-U.S., DPRK-Japanese, and DPRK-ROK relations? How will DPRK-Chinese and DPRK-Russian relations develop? All these constitute a severe test for Kim Chong-il, aged 52, on assuming power. After the national funeral for Kim Il-song is over, the Korean Workers' Party and Government authorities will be busy dealing with the United States, the ROK, and Japan. It is also necessary for them to conduct a series of contacts with China and Russia to increase mutual understanding, especially for the new Korean leadership to inform them of its policies and intentions.

Although the new leader will attach importance to centralized collective leadership, there is no denying that each leader has his own characteristic personality, presentation, and work style. Kim Chong-il's work style and presentation are not necessarily identical to his father's. This is one of the reasons why the outside world is paying attention to Kim Chong-il.

In its message of condolence China, as the DPRK's standing and friendly neighbor, has stated the aspirations of its 1.17 billion people, namely, they hope the Korean Workers' Party headed by Kim Chong-il will press ahead with their efforts to develop their motherland and strive for lasting peace on the Korean Peninsula. For China, making the Korean Peninsula a nuclear-free zone and maintaining peace on the peninsula remains the core of China's policy toward Northeast Asia.

All Countries Hope Peace Will Be Consolidated on the Peninsula

People all over the world hope that DPRK-U.S. talks and the DPRK-ROK summit will yield results conducive to relaxing tension. The Korean issue must be settled through peaceful negotiations and peaceful reunification of the two Koreas can definitely be achieved. Should another war break out, it would mean turning the clock back and a great tragedy for the Korean people. Such a war is certainly unacceptable to the 80 million people in the two Koreas.

However, the key nuclear problem on the DPRK-U.S. talks agenda is indeed a hard nut to crack. When the bilateral relations grew very tense last month, former

U.S. President Jimmy Carter visited Pyongyang and his talks with President Kim Il-song quickly yielded positive results. Kim Il-song expressed willingness to freeze the DPRK's nuclear development plan suspected by the outside world as a project in nuclear weapons and the United States expressed a desire to hold talks with the DPRK to develop bilateral relations.

On 8 July, senior Korean and U.S. Government officials held the third round of talks in Geneva. This meeting followed many complications after the second round of talks in Geneva in July 1993 and focused on a package solution to political, economic, safety, and nuclear problems. If a deal were made, it would herald diplomatic ties between the two countries. The talks were also designed to coordinate with the DPRK-ROK summit scheduled for 25 July to put an end to the Cold War on the peninsula.

How Kim Chong-il Will Manage Remains To Be Seen

The DPRK-U.S. talks were planned to last one week but Kim Il-song died unexpectedly on the evening of 8 July. However, it appears that the bilateral talks on 8 July were held in a favorable atmosphere. U.S. representative Robert Callucci, deputy secretary of state and Kang Sok-chu, DPRK senior deputy foreign minister shook hands and smiled, allowing reporters to take as many pictures as they liked. When asked by reporters after the meeting about the results of the first-day talks, both parties said they felt hopeful.

We have reason to believe that Kim Il-song drew up the base lines for the two diplomatic dealings, namely, if the U.S. promises to replace the DPRK's existing reactor with a light-water atomic reactor, the DPRK will immediately freeze its plan to develop nuclear weapons. This way the two countries will normalize their relations. With a relaxation of DPRK-U.S. relations, DPRK-ROK relations will improve correspondingly. Kim Il-song had no intention of manufacturing nuclear missiles and both China and Russia believe the DPRK still does not have the technology necessary to manufacture nuclear missiles. But for the pressure and intimidation from the U.S. side, Pyongyang would not have responded so dramatically.

The DPRK is still in financial straits. According to Western statistics, China provided 72 percent of the total grain imported by the DPRK from abroad, 75 percent of petroleum, and 88 percent of coal. To develop the economy, the DPRK is planning to open to the outside world but it opposes sanctions, to say nothing of U.S. military subversion. This is probably where the shoe pinches. How Kim Chong-il will manage remains to be seen.

XINHUA Notes KCNA Report on Cause of Kim Il-song's Death

OW0907061194 Beijing XINHUA in English 0548
GMT 9 Jul 94

[Text] Pyongyang, July 9 (XINHUA)—Kim Il-song, president of the Democratic People's Republic of Korea (DPRK), passed away from a sudden attack of illness at 02:00 [1700 GMT] on Friday [8 July], the official KCNA news agency reported today.

"The Great Leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, passed away from a sudden attack of illness at 02:00 on July 8, 1994," a statement issued by KCNA said.

The statement said Kim "was an outstanding thinker and theoretician and genius of leadership who founded the immortal *chuche* idea and led the revolution and construction along the road of victory by successfully applying it, and a great leader of the people who loved the people most deeply and devoted his all to them."

According to a medical report delivered by KCNA, President Kim Il-song, who had received medical treatment for arteriosclerosis of the cardiovascular system, suffered from a serious myocardial infarction owing to heavy mental strains on July 7, 1994, which was followed by a heart shock.

"All medical treatment was immediately given to him. But the heart shock took a turn for the worse and he passed away at 02:00 on July 8, 1994," the report said.

"The diagnosis of the disease was fully confirmed in the pathological anatomic examination made on July 9, 1994," it added.

A communique issued by the State Funeral Committee said the coffin of Kim will be laid in state at the Kumsusan Assembly Hall.

"The period from July 8 to July 17, 1994, is set as the mourning period for the respected leader Kim Il-song," the communique said.

"The mourning service for the last parting with respected leader Comrade Kim Il-song will be held solemnly in Pyongyang, the capital of revolution, on July 17, 1994," it added.

North, South Korea Meet To Prepare for Summit

OW0807144594 Beijing XINHUA in English 1400
GMT 8 Jul 94

[Text] Seoul, July 8 (XINHUA)—South Korea and the Democratic People's Republic of Korea (DPRK) held a meeting at the truce village of Panmunjom Friday [8 July] to discuss matters concerning security for the historic inter-Korean summit scheduled for July 25-27 in Pyongyang.

South Korean President Kim Yong-sam and DPRK President Kim Il-song will meet face to face for the first time since the Korean peninsula was divided in 1945.

Considering the sensitive nature of the summit's security the two sides agreed not to announce details or the outcome of the meeting.

However, officials here see no problem in providing security for the summit as there will be joint protection within the scope of international security practices.

At Friday's meeting, the two sides reportedly discussed the number of bodyguards to accompany President Kim Yong-sam to Pyongyang, whether they can carry weapons and where the president should be protected in the DPRK capital.

With the DPRK's understanding that the bodyguards are being included in South Korea's 100-member entourage, Seoul is said to have told Pyongyang that President Kim Yong-sam's bodyguards will number around 50.

South Korea requested security standards which are universally accepted in international practice and the DPRK agreed, according to official sources here.

The two sides are expected to work out their exact security plans at further working-level meetings in Pyongyang from July 13 to 16.

West Europe

Further Reportage on Li Peng Visit to Germany

Li Peng Visits Siemens Company

OW0907150194 Beijing XINHUA Domestic Service in Chinese 1618 GMT 8 Jul 94

["Newsletter" by XINHUA reporter Hu Xudong (5170 2485 2639): "The Premier Goes to the Siemens Company"]

[Text] Munich, 8 Jul (XINHUA)—On the morning of 8 July, following yesterday's showers, the sky over Munich was particularly clear. At the conference room of the Siemens company, on the outskirts of Munich, a banner in Chinese stating "Siemens Welcomes You!" hung on the wall, and it touched people's hearts.

Premier Li Peng and his party, who are visiting Germany, arrived at Siemens as guests of the company. Premier Li Peng first engaged in conversation with members of the board of the company. Premier Li Peng came straight to the point and said: "China has an old saying: 'Only talk about business when you are dealing with business.' We are now at the Siemens company; we will not touch on foreign affairs and politics and will only talk about business. In fact, economics itself is the most important politics." The premier's words had a profound meaning and received enthusiastic applause from all those present.

The introductory remarks by Heinrich von Pierer, Siemens' chairman of the board, were equally sincere and intimate. Von Pierer said: Siemens and China are old friends. The cooperation between Siemens and China has a history of more than 120 years, dating back to 1870. Premier Li Peng approvingly said: "His words about old friends are perfectly true. At the end of 18th century, China imported its first power generator at the end of 18th century [as received], and that generator was produced by the Siemens company. I have personally seen that power generator, because I was the general manager of that power plant."

The cooperation between the Siemens company and China developed in an all-around way in the middle and latter part of the eighties. Von Pierer today reiterated that the Siemens company is willing to develop long-term cooperation with China. He said: The company not only wishes to export products to China but is also willing to transfer technologies to China. He said: "At present, Siemens has established 20 joint ventures in China. With the agreements signed in the past few days, another 20 joint ventures will be set up in China. In the next several years, the total investment by Siemens in China will exceed 1 billion German marks, making it one of the largest foreign investors in China." Von Pierer also said that his company would take part in the construction of the Three Gorges Project with the greatest enthusiasm.

Premier Li Peng humorously chimed in and said: The investment by Siemens in China is successful. If there was a lesson of defeat, it was the construction of a nuclear power plant in China. The price of German equipment was "a little expensive." Besides, German banks at that time did not have the foresight like they have today, and they were not willing to provide loans. He said: German companies, including Siemens, have strong technological power. If banks can provide support, our cooperation will develop further.

Using a simple case to explain the great prospects for economic cooperation between Germany and China, Li Peng said: "Taking the cooperation between Siemens and China in medical equipment and instruments as an example, if each county in China is equipped with one CAT scan machine, there will be more than 2,000 machines sold, because China has more than 2,000 counties. If the use of the machine is extended to township and village hospitals, the need will be more than 20,000 machines." He pointed out: The cooperation between China and Germany has entered a new phase, and the cooperation will be all-around and successful.

Following a brief welcoming ceremony, Von Pierer accompanied Premier Li Peng, Vice Premier Li Lanqing, and other principal members of the Chinese delegation to visit the company's manufacturing floor for producing microchips.

All people entering the manufacturing floor must wear thoroughly sterilized white work clothes covering their entire body; people can only be recognized by their eyes and voices. Visitors must also go through a "safety door" and be sterilized one more time.

During the visit, Premier Li Peng, who is quite knowledgeable about the subject, frequently asked the company staff accompanying him relevant technical questions.

Von Pierer told XINHUA correspondents at the scene, "During Premier Li Peng's visit to Germany, the Chinese and German sides have signed many contracts and letters of intent, which will lead to the establishment of a number of joint ventures." The chairman of the board of the company happily pointed out, "Economic relations between China and Germany have developed to a phase of long-term cooperation."

Trip 'Great Economic Success'

HK0907053194 Beijing CHINA DAILY in English 9 Jul 94 p 1

[By Xu Yang: "Li Clinches Business on German Trip"]

[Text] Munich, Germany—Premier Li Peng has hailed his German trip as a great economic success.

"Economy is the most important part of politics," the visiting premier said yesterday at the headquarters of the German industrial giant Siemens.

His official European tour, the second since 1992 when he visited Portugal, Spain and Switzerland, has been seen as "economy-oriented".

Li has clinched a huge number of deals with Austria and Germany.

During the past 11 days, China and Austria have signed 18 contracts, letters of intent and agreements worth of \$580 million. The deals cover steel, electric power generators and automobiles.

Li's German visit has resulted 51 business documents worth \$4.45 billion. The amount has dwarfed the \$2.8 billion-worth of contracts German Chancellor Helmut Kohl clinched last November when he visited Beijing.

Li's Sino-German deals mainly cover transport and coal electricity power generators, which China needs for its modernization drive.

The powerful Chinese business delegation, accompanying Li on the trip, has signed extensive contracts with their Austrian and German counterparts.

In the Austrian Chamber of Commerce, Li briefed local entrepreneurs on the economic situation in China and urged Austrian companies to invest in the mid-western regions where the market potential is bigger than in the strongly competitive coastal areas.

He also called on more small businesses to join the big companies by entering the Chinese market.

In Germany, Li praised big infrastructure projects like the Three Gorges hydro-electric power station.

China is opening up to investors and businessmen who are willing to trade on the basis of equality and mutual benefit, he said.

And those who want to invest in infrastructure are most welcome, the premier added.

The message has been well-received.

"I think he has made clear what's going on between our two countries and I have confidence in the future," said Michael Rosemeger, who runs a consultancy company in China.

Li Peng Terms Visit 'Complete Success'

OW0907082694 Beijing XINHUA Domestic Service in Chinese 0118 GMT 9 Jul 94

[Text] Munich, 8 Jul (XINHUA)—Chinese Premier Li Peng said here tonight that his week-long visit to Germany was a complete success.

Li Peng made this remark when meeting with his entourage, members of an accompanying delegation of entrepreneurs, and all the accompanying staff members before winding up his visit to Germany.

Li Peng said that this visit has scored results not only in politics but on the economic front as well. He encouraged everybody to strive to build a better country after returning to China.

Li Peng Interviewed on Visit

OW1107081494 Beijing XINHUA Domestic Service in Chinese 1753 GMT 10 Jul 94

[By XINHUA reporter Yuan Rongsheng (5913 2837 3932) and RENMIN RIBAO reporter Zhang Qihua (1728 0796 5478)]

[Text] Constanta, 10 Jul (XINHUA)—Before ending his visit to Germany, Premier Li Peng was interviewed by Schafer, chief editor of the German HANDELSBLATT newspaper, in Munich on 9 July. He answered questions on a wide range of topics, including Sino-German relations and China's domestic situation. The following is an excerpted report of the interview:

[XINHUA] Mr. Premier, your visit to Germany will end soon. How do you view this visit?

[Li Peng] My visit to Germany has been a complete success. I have attained abundant achievements both economically and politically. I have held talks and meetings with Chancellor Kohl, President Herzog, and many other German statesmen. We have many identical and similar views on international issues, and of course, we have some different viewpoints, too. We have enhanced

our mutual understanding following our talks. Both the German leaders and I believe that the world structure is becoming multipolar and that we should establish a new world political order on the basis of equality and mutual respect. China and Germany are both countries that have important influence in the world. Both countries are willing to foster cooperation and to play more important roles to facilitate peace and development in the world.

[XINHUA] Mr. Premier, during your visit to Germany, German and Chinese economic representatives have signed a series of contracts, agreements, and letters of intent. What are the possibilities that German-Chinese economic relations will expand following your visit?

[Li Peng] Economic issues have been a major topic in our talks during my visit to Germany, and we have actually attained rather remarkable accomplishment in this regard. Chinese and German entrepreneurs have signed contracts worth about \$1.1 billion and agreements and letters of intent worth more than \$3 billion. When looking at German-Chinese economic relations, we should notice that we have progressed from trading merely in goods to carrying out more economic, technological, and financial cooperation. Both sides have agreed to form some joint ventures. Chancellor Kohl said that German-Chinese economic relations should be long-term and reliable. I have added equal and mutually beneficial to describe the relations. The overall guiding principle for future Sino-German economic relations is that they should be long-term, reliable, equal, and mutually beneficial. German-Chinese economic cooperation does not merely involve the signing of contracts, agreements, and letters of intent worth a number of billion U.S. dollars at present. It has a much brighter future.

[XINHUA] GATT Director General Sutherland recently expressed his doubts that China will reenter the GATT within this year. Are you in a hurry to reenter the GATT? What measures are you taking to open up your markets wider to the outside world, particularly your financial and services markets?

[Li Peng] Chancellor Kohl and I discussed this issue in our talks. The German authorities indicated that they will do their best to support China's bid to reenter the GATT and to become a founding member of the World Trade Organization [WTO]. China has already become a major trading country. Its foreign trade value in 1993 amounted to nearly \$200 billion, and China has also attained very high growth rates in its foreign trade in the first half of 1994. We should be aware that not only China need the GATT but that the GATT also need China. The WTO cannot be termed a global trade organization if it excludes such a major trading country as China.

[XINHUA] Mr. Premier, the G-7 countries are holding their 20th summit in Naples. Is China willing to join the group and be an attendee of the summit?

[Li Peng] Isn't the G-7 summit termed a "rich men's club?" China is still a developing country and is not rich. The major items on the agenda at the Naples summit are the economic recession, the falling of the U.S. dollar, and unemployment. The world's most developed industrialized or richest countries are also facing a lot of problems. It reminds me of an old Chinese saying: Every family has its own problems. The great Russian writer Tolstoy said in his book "Anna Karenina": "All happy families are alike, whereas unhappy families have their own misfortunes." We can only wait and see what kind of results the Naples summit will really produce eventually.

[XINHUA] How do you view the possibility of resolving the Korean nuclear issue? Particularly now that President Kim Il-sung has died, what will happen to the DPRK?

[Li Peng] We extended our heartfelt condolences on President Kim Il-sung's death. China and the DPRK are neighbors, and we have had friendly and cooperative relations for a long time. President Kim Il-sung had established profound friendships with Chinese leaders of the older generation and had many exchanges and very good relations with contemporary Chinese leaders. We hope that the Korean people will carry on President Kim Il-sung's unfulfilled wish, develop the economy, properly construct their own motherland, and maintain peace and stability on the Korean peninsula for a long time.

China has always advocated that talks and dialogue, instead of pressure, should be held to seek an appropriate resolution to the Korean nuclear issue. We are happy to note that the matter is progressing in this direction. Some encouraging signs have emerged recently: The United States and the DPRK have begun their talks, and both sides believe that the talks are very beneficial and fruitful. We hope that this favorable trend can be maintained.

At the end of this interview, I wish to request that your paper convey the Chinese people's good wishes to the German people. China and Germany have no conflicting interests, and both of us need friendship and cooperation.

Li Peng Ends Visit to Germany, Departs for Romania

OW0907143894 Beijing XINHUA in English 1415 GMT 9 Jul 94

[Text] Munich, Germany, July 9 (XINHUA)—Chinese Premier Li Peng today ended his official visit to Germany and left for Romania, the last leg of his three-nation European tour.

In a message to German Chancellor Helmut Kohl upon his departure, Li described his visit as "fruitful."

He said that his talks and meetings with Kohl and other German leaders demonstrated that both China and Germany have broad common interests in the present complex and ever-changing international situation.

He stressed that keeping the two nations' friendly cooperation enhanced and growing will be not only in the fundamental interests of the two peoples, but also in accord with world peace and development.

He expressed the belief that with common efforts, the friendly cooperation between the two nations will enjoy a broader future.

During his visit, Li met with German President Roman Herzog, and held talks with Chancellor Helmut Kohl and other German leaders on issues of mutual interest.

Dozens of government agreements and business contracts worth 3.5 billion U.S. dollars were signed between the two countries during the visit.

Sends Message to Kohl

OW1007170494 Beijing XINHUA Domestic Service in Chinese 1546 GMT 9 Jul 94

[By reporters Xia Zhimian (1115 3112 3094) and Yuan Rongsheng (5913 2837 3932)]

[Text] Munich, 9 Jul (XINHUA)—Li Peng, premier of China's State Council, left for Romania by special plane after ending his weeklong visit to Germany this afternoon. Chinese Ambassador to Germany Mei Zhaorong and German Government protocol officers saw him off at the airport.

Upon his departure from Germany, Premier Li Peng sent a cable to Chancellor Helmut Kohl to express his heartfelt thanks for the warm and friendly reception accorded him by the German Government. He said: "My visit to Germany has been fruitful. My talks and meetings with you and other leaders of your country once again demonstrate that both China and Germany share broad common interests in the present complex and ever-changing international situation. Continuing to strengthen and develop friendly relations and cooperation between the two countries is not only in the fundamental interests of the two peoples but will also contribute to world peace and development. I strongly believe that common efforts will further broaden the future for friendly relations and cooperation between the two nations."

Premier Li Peng's visit was to reciprocate Chancellor Kohl's trip to China in November of 1993. High-level visits between China and Germany have grown increasingly frequent since German Foreign Minister Klaus Kinkel's visit to Beijing in October of 1992, and his proclamation of the normalization of bilateral relations. Premier Li Peng's visit to Germany boosted the exchange of leadership visits between the two countries to a new high.

During the visit, Li Peng met with Roman Herzog, the new German president, and principal government and party leaders. He also had an in-depth exchange of views with Chancellor Helmut Kohl on bilateral relations and international issues in a sincere and friendly [cheng zhi you hao di 6134 2304 0645 1170 4104] atmosphere.

With a touch of satisfaction, the premier and the chancellor reviewed the development of bilateral relations since the end of 1993. Li Peng noted: Sino-German relations have embarked on a new stage of full-scale development which encompasses the economic, political, cultural, and educational fields. Kohl agreed with Li Peng's evaluation of bilateral relations.

During his visit, Li Peng also unveiled four principles governing the way China handles its relations with Germany. He expressed China's sincere hope for the development of long-term and comprehensive relations with Germany. Kohl also agreed that the two countries should establish long-term, reliable relations.

During the visit, the two governments signed four agreements on cooperation in infrastructure projects, vocational education, railway construction, and financial affairs. The Chinese entrepreneurs traveling with Premier Li Peng established wide-ranging and fruitful contacts with their German counterparts. The two sides signed 53 agreements, contracts, and letters of intent worth \$4.5 billion.

Those who left Germany with Li Peng included his wife Zhu Lin; Li Lanqing, vice premier of the State Council; Wang Zhongyu, minister in charge of the State Economic and Trade Commission; Ye Qing, vice minister of the State Planning Commission; He Guangyuan, minister of machine-building industry; Liu Qi, minister of metallurgical industry; and Qi Huaiyuan, director of the State Council's foreign affairs office.

East Europe

Bulgarian Foreign Minister Leaves for Beijing

OW0907160594 Beijing XINHUA in English 1428 GMT 9 Jul 94

[Text] Sofia, July 9 (XINHUA)—Bulgarian Foreign Minister Stanislav Daskalov leaves this noon for an official visit to China.

His trip is in response to an invitation by Chinese Vice-Premier and Foreign Minister Qian Qichen and will be the first by a Bulgarian foreign minister for over five years.

Li Peng Begins Visit to Romania 9 Jul

OW0907161294 Beijing XINHUA in English 1603 GMT 9 Jul 94

[Text] Constanta, July 9 (XINHUA)—Chinese Premier Li Peng arrived here tonight for a four-day official visit

at the invitation of Romanian President Ion Iliescu and Prime Minister Nicolae Vacaroiu.

This is the first visit of a Chinese premier to Romania and Eastern Europe in recent years.

Li Peng was greeted at the constanta airport by local children and youths who presented him with flowers and bread and salt in accordance with local tradition of greeting important guests.

In a written statement upon his arrival, Li said that China and Romania have been enjoying friendly relations for a long time. Under the present international situation, it is the common desire and in the interests of the two nations and their peoples to broaden and develop their bilateral relations of friendly cooperation, which is also in the favor of world peace and stability.

During his stay, the Chinese premier will exchange views with Romanian leaders on the further development of the friendly cooperation between the two nations and international issues of common concern.

Li expressed the belief that his visit would further increase mutual understanding, deepen friendly relations and promote all-round cooperation between China and Romania.

Li has just finished his week-long visit to Germany. Romania is the last leg of his three-nation European tour, which also took in Austria.

Further on Arrival

OW1007174894 Beijing XINHUA Domestic Service in Chinese 1610 GMT 9 Jul 94

[Text] Constanta, Jul 9 (XINHUA)—Chinese Premier Li Peng arrived here tonight for a four-day official visit at the invitation of Romanian President Ion Iliescu and Prime Minister Nicolae Vacaroiu.

This is the first visit of a Chinese premier to Romania and Eastern Europe in recent years.

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Li expressed the belief that his visit would further increase mutual understanding, deepen friendly relations and promote all-round cooperation between China and Romania.

Li has just finished his week-long visit to Germany. Romania is the last leg of his three-nation European tour, which also took in Austria.

Arriving on the same plane were Zhu Lin, wife of Premier Li Peng; Vice Premier Li Lanqing; Wang Zhongyu, minister in charge of the State Economic and Trade Commission; Ye Qing, vice minister in charge of the State Planning Commission; He Guangyuan, minister of machine-building industry; Liu Qi, minister of metallurgical industry; and Qi Huaiyuan, director of the State Council Foreign Affairs Office. Also accompanying Premier Li Peng during the visit are more than ten well-known Chinese entrepreneurs.

Greeting Premier Li Peng at the airport were Ionescu, Romanian Government representative and minister of trade; Constanta County Magistrate Constantinescu [name as transliterated], Chinese Ambassador to Romania Li Fenglin, and Romanian Ambassador to China Romulus.

Political & Social

Jiang Zemin Meets 'Exemplary' Party Members

OW0807203394 Beijing XINHUA Domestic Service in Chinese 1330 GMT 28 Jun 94

[Central People's Broadcasting Station reporter Luo Guanxing (5012 6034 2502), RENMIN RIBAO reporter Chen Weiwei (7115 4850 0251), and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 28 Jun (XINHUA)—A jubilant atmosphere prevailed on the lawn in front of the Huaiyuan Hall at Zhongnanhai on the eve of the 73d party founding anniversary. At 0900 this morning, Jiang Zemin, general secretary of the CPC Central Committee, and Liu Huaqing and Hu Jintao, members of the Standing Committee of the CPC Central Committee Political Bureau, came to the lawn amid warm applause and cordially met with representatives of advanced basic-level party organizations, exemplary party members, and outstanding party workers from organs directly under the party Central Committee, central state departments, and Beijing Municipality. Through these representatives, they also extended festival greetings to large numbers of party organizations and party members at the basic level.

Jiang Zemin and other leading comrades shook hands tightly with the representatives, exchanged greetings, and had a group picture taken to mark the occasion. The representatives were jubilant. They said: At a critical stage for reform, opening up, and socialist modernization in our country, we must rally ever more closely around the party Central Committee with Comrade Jiang Zemin as the core and conscientiously temper ourselves while seizing the opportunity to deepen reform, to open wider to the outside world, to promote development, and to maintain stability under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; we must improve ourselves in an all-round way, more effectively increase the rally force, appeal, and fighting capability of party organizations, better play the exemplary vanguard role of the communists, and do a better job in uniting and leading the broad masses in winning one victory after another in building socialism with Chinese characteristics.

Also present at today's meeting were Ding Guangen, member of the Political Bureau and Secretariat of the party Central Committee; Chen Xitong, member of the party Central Committee Political Bureau; Wen Jiabao, alternate member of the Political Bureau and member of the Secretariat of the party Central Committee; and Ren Jianxin, member of the Secretariat of the party Central Committee.

Present at the meeting were 652 representatives of advanced basic-level party organizations, exemplary party members, and outstanding party workers. Among them, there were party members and cadres who have performed their official duties honestly and diligently for

the people; intellectuals who have taken pains to make selfless contributions to the people; workers and peasants who have quietly immersed themselves in hard work on the production frontline; veteran party members who have joined the party for decades, and party members who were admitted to the party after the Third Plenary Session of the party's 11th Central Committee. They persistently arm their minds with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, vigorously and comprehensively implement the party's basic line, principles, and policies, uphold lofty ideals, conscientiously take the overall situation into account, and strive to carry out reforms, promote development, and maintain stability. They make conscientious efforts to achieve the party's purpose of serving the people wholeheartedly and work conscientiously and devotedly to carry out their tasks with flying colors. Carrying forward the spirit of arduous struggle, they forge close ties with the masses, are concerned about the weal and woe of the people, protect their interests, and resolutely resist various negative and corrupt phenomena. They study hard, are pragmatist, blaze new trails, are brave in shouldering heavy burdens, and continue to work in a pioneering spirit. They display the fine qualities of communists of the new period and reflect the marked progress made in party building while carrying out reforms and construction. This also proves the truth that the key to managing China's affairs well lies in personnel and the party.

Since the 14th party congress, the party Central Committee with Comrade Jiang Zemin as the core has persevered in arming the whole party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, especially leading cadres; it has persevered in strengthening party leadership and party building while continuing to carry out reform, open up to the outside world, and develop the economy; it has persevered in strengthening leading bodies and the cadre ranks according to the policy of making the cadre ranks more revolutionary, younger in average age, better educated, and professionally more competent, and the principle of having both ability and political integrity; it has upheld democratic centralism, improved inner-party activities, and stepped up the establishment of systems; it has persevered in carrying out the struggle against corruption, improving the party's work style, and building a clean and honest government; it has persistently made vigorous efforts to strengthen the building of basic-level party organizations in rural areas, enterprises, schools, government organizations, neighborhoods, and other quarters; and it has persevered in developing party membership and improving the quality of party members in an all-round way. As a result, the party's rallying force, appeal, and fighting capability have increased, and communists have played their exemplary vanguard role. This has effectively guaranteed the all-round deepening of reform, the establishment of the socialist market economic structure, the sustained, rapid, and healthy development of the economy, the maintenance of social

and political stability, and the smooth progress of building material and spiritual civilization.

Most of the advanced elements and model persons who have come to the fore on various fronts over the past two years are communists. Communists account for 88.1 percent of those who won "1 May" Labor Awards. During the appraisal of party members through nationwide democratic discussions in 1993, 1.89 million party members were given the title of "exemplary party members." Party organizations have also continuously developed in strength. In the past year, more than 50,000 basic-level party organizations have been set up in various economic establishments and mass organizations alone, and 1.76 million new party members have been recruited throughout the country. Now there are 3.34 basic-level party organizations across the country, with a total membership of 54 million. Focusing their attention on deepening rural reform and developing the rural economy, basic-level party organizations in the countryside are leading the masses of peasants in getting rich through hard work, achieving common prosperity, and accelerating the pace of attaining a fairly comfortable living standard. A number of models well-known throughout the country have further improved themselves, and a number of new models have come to the fore. They have played the role of pace-setters in the great cause of building a new socialist countryside. In the reform and development of enterprises, many outstanding communists, like Li Shuangliang, Bao Qifan, and Zhang Yongjiang, have inspired and united the masses with their model deeds and led the latter to work in a pioneering spirit and to continuously make new achievements. Large numbers of communists working in education, scientific research, culture, and public health have conscientiously performed their duties, worked hard to educate people or tackle difficult scientific problems to scale new heights, won honors for the country, and made important contributions. The People's Liberation Army and the armed police force have conducted education in the party's fine tradition and carried forward the Lei Feng spirit. As a result, a large number of heroes and models, like Su Ning and Xu Honggang, have come to the fore. They have rendered new meritorious services in guarding border areas, maintaining stability, dealing with emergencies and disasters and providing relief, and protecting the safety of people's lives and property.

Present at the meeting were Zeng Qinghong, member of the Central Group for Party Building work and director of the General Office of the party Central Committee; Lu Feng, director of the Organization Department of the party Central Committee; and responsible comrades of the Work Committee for Organs Directly Under the Party Central Committee, the Work Committee for Organs Directly Under the State Council, the Beijing Municipal Party Committee, and other relevant departments.

Jiang Zemin Meets Deputies to 'Agenda 21' Meeting

OW1007165494 Beijing XINHUA Domestic Service in Chinese 0908 GMT 8 Jul 94

[By RENMIN RIBAO reporter He Huangbiao (0149 7806 1753) and XINHUA reporter Zhu Youdi (2612 1623 2769)]

[Text] Beijing, 8 Jul (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee and state president, met with some representatives attending the high-level round table conference on "China's Agenda 21" and had a warm and friendly conversation with them in Zhongnanhai today.

Jiang Zemin said: The Chinese Government has always actively involved itself in the affairs concerning the global environment and development with a high sense of historical responsibility and earnestly desires to intensify its cooperation with various countries and international organizations in this regard.

Speth, UN under secretary-general and administrator of the UN Development Program [UNDP], who was here for the conference, spoke highly of China's tremendous efforts in the work concerning population, environment, and social development. He expressed his support to "China's Agenda 21" and priority projects and programs proposed at the conference.

Smith, president of the U.S. General Motors Company; Strong [name as received], secretary general of the 1992 UN Environment and Development Conference; Singer [name as received], U.S. under secretary of energy; Li Fengrui, vice governor of the Asian Development Bank; Steel [name as received], deputy chief of the Environment Bureau under the World Bank; and other were present at the meeting.

"China's Agenda 21," namely, the "White Paper on China's Population, Environment, and Development," was formulated, in the spirit of the 1992 UN Environment and Development Conference, to promote the strategy for sustainable development in China. According to the State Council's decision, "China's Agenda 21" will serve as an important guiding document in formulating China's medium- and long-term national economic and social development. The high-level round table conference, jointly convened by the State Planning Commission, State Science and Technology Commission, Ministry of Foreign Affairs, and UNDP, is aimed at organizing the implementation of "China's Agenda 21" and seeking extensive international cooperation and support.

Song Jian, state councillor and minister in charge of the State Science and Technology Commission; Deng Nan, vice minister in charge of the State Science and Technology Commission; and others were at the meeting.

Chen Xitong Views Preparations for National Day Gala

OW1007194694 Beijing XINHUA Domestic Service in Chinese 1225 GMT 8 Jul 94

[Text] Beijing, 8 Jul (XINHUA)—The Preparatory Committee for Celebrating the 45th Anniversary of the PRC's Founding in the Capital was officially inaugurated and held its first working meeting today in Beijing.

Chen Xitong, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing Municipal CPC Committee; State Councillor Luo Gan; Zeng Qinghong, director of the General Office of the CPC Central Committee; and Li Qiyang, chairman of the preparatory committee and mayor of Beijing, attended the meeting.

Meng Xuenong, director of the general office of the preparatory committee and vice mayor, made a report on plans and preparations for the gala. This year's celebrations will be grand, lively, appropriate in scale, and moderate, as is required by the guidelines of an instruction of the CPC Central Committee and the State Council. Activities will include garden parties, get-togethers, and fireworks. Delegations from Shanghai, Tianjin, Guangdong, Shandong, Liaoning, Sichuan, and Shaanxi will come to jointly sponsor, together with Beijing, for the first time commemorative exhibitions in the major parks. An evening get-together will be held in eight locations with Tiananmen Square as the center stage and some 100,000 workers, farmers, fighters of the People's Liberation Army, college students, and citizens will take part in celebrating the festival with music and dance. Fireworks, searchlights, laser beams, colorful balloons, and decorated lamps will blossom in magnificent splendor in the evening.

Chen Xitong emphasized at the meeting: In the 45 years since its founding, the PRC, led by the CPC, has made tremendous progress in socialist construction and brought about earth-shaking changes. Especially in the dozen years or so since China started its reform and opening up to the outside world, people of all nationalities across the country—under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics—have upheld the party's basic line of "one central task and two basic points," fought in unity, and created a new situation in the socialist modernization drive. China's economic strength has increased rapidly, our international standing has gone up steadily, and the people have gained more tangible benefits. The banner of socialism is fluttering high in China. The coming national day celebrations are of great significance in demonstrating our tremendous achievements, arousing the nation's patriotic fervor and morale, implementing the basic policy for this year set by the CPC Central Committee with Comrade Jiang Zemin at the core, and executing work in various areas well with the focus on the party's overall tasks. We must set high standards and strict requirements to ensure the success of the celebrations. In his speech, Luo Gan pointed out:

This year is different from previous years in that provinces will join Beijing in sponsoring the national day celebrations. Therefore, greater coordination efforts will be required. Central and state organs must take the whole situation into account and, in line with the preparatory committee's requirements, offer support in terms of human and material resources to Beijing's comprehensive efforts to improve itself before the National Day and create a good environment for National Day celebrations. In their speeches, Zeng Qinghong and Li Qiyang fully affirmed the preparation efforts that have been completed. They pointed out that the coming national day festivities are grand celebrations of the state. We must follow the policy laid down by the CPC Central Committee and State Council and see to it, with a high sense of responsibility, that the celebrations will be a total success.

Also present at today's meeting were leading comrades of the central party, government, and military departments and representatives of Beijing city and the provinces that will take part in Beijing's national day celebrations.

Chen Xitong Discusses National Day Celebrations

OW0807173394 Beijing XINHUA in English 1644 GMT 8 Jul 94

[Text] Beijing, July 8 (XINHUA)—Beijing will organize a great celebration on October 1 for the 45th anniversary of the founding of the People's Republic of China.

This was announced by the organizing committee of the ceremony, which held its initial working conference today in Beijing.

Mass celebrations in parks are planned on the national day, jointly sponsored by Beijing and seven other provinces and cities, including Shanghai, Tianjin, Guangdong, Shandong, Liaoning, Sichuan and Shaanxi.

A gala party is planned to take place on Tiananmen Square, involving 100,000 people. Fireworks, mingled with beams from colored laser balls, will reach a climax in the celebration later into the night.

The grand celebration is of great significance to arouse patriotic enthusiasm in all the Chinese people, said Chen Xitong, secretary of the Beijing Municipal Committee of the Chinese Communist Party, at the meeting today.

Chen said that it is an opportunity to display the tremendous achievements China has made over the past 45 years.

Zhu Rongji Expresses Sympathy for Muslim Flood Victims

OW0807172994 Beijing XINHUA in English 1642 GMT 8 Jul 94

[Text] Beijing, July 8 (XINHUA)—Acting Chinese Premier Zhu Rongji, who is making an inspection tour outside the capital, today expressed sympathy for

Muslim flood victims in northwest China's Xinjiang Uygur Autonomous Region.

According to reports from Xinjiang, 33 millimeters of rain fell in the city of Altay within half an hour on July 3, while the Kelan River flowing through the city had a flood peak of 395 cubic meters per second.

The flood caused 450 shelters to collapse, damaged a number of highway bridges and roads, and inundated a number of rooms and 1,600 hectares of farmland, local officials said.

Meanwhile, torrential rains also hit the Mongolian autonomous prefecture of Bayingolin.

Government officials have rushed to the flood-affected areas to direct local people in rebuilding their homes and resuming production.

Zhu Rongji Inspects Flood-Stricken Areas in Guangxi

HK1107051094 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 10 Jul 94

[Text] From 7 to 9 July, Zhu Rongji, member of the Standing Committee of the CPC Central Political Bureau and acting premier of the State Council, led responsible people of the relevant departments of the State Council and the Central Military Commission to inspect the flood-stricken areas of Guangxi. By airplane, Zhu Rongji and his entourage inspected Wuzhou and Liuzhou Prefectures, and some flood-stricken areas of Guiping, Pingnan, Tengxian, and Cangwu Counties.

During his stay in Guangxi, acting Premier Zhu Rongji listened to reports by party and government leaders in the cities of Liuzhou and Wuzhou. In Nanning and Liuzhou, acting Premier Zhu held discussion meetings with some factory directors. In Liuzhou and Wuzhou, Comrade Zhu Rongji went deep into the flooded districts to learn the situation of the floods. He talked cordially with factory workers, and inquired about their living conditions after suffering the natural disaster.

Acting Premier Zhu Rongji highly praised the indomitable spirit of the party organizations, governments, civilians, and troops in Guangxi when faced with extremely serious natural disasters rarely seen in history. He said: Among the southern provinces, Guangxi suffered the most serious flood disaster, but under the firm leadership of the party committee and government of the autonomous region; with the brave assistance of the People's Liberation Army [PLA], the armed police force, and the public security force; and with the undaunted struggle of the masses; Guangxi stood the stern test. The losses of people's lives and property were kept to a minimum. After the disasters, the people's daily lives and production were restored rapidly. This reflected the superiority of our socialist system.

Acting Premier Zhu said: The struggle against floods showed that Guangxi people can stand any stern test,

and that the party, government, and military leading bodies in Guangxi are firm and of great combat effectiveness. The central leading body believes that Guangxi certainly will be able to overcome the great floods and win the final victory.

When talking about the most pressing task of the moment, acting Premier Zhu Rongji pointed out: It is necessary first to properly arrange the livelihood of the disaster-stricken people; stabilize commodity prices; and most importantly, ensure that no people die of starvation and that disaster-stricken people have food, clothing, and shelter from the wind and rain. The state has sufficient grain reserves, and can supply sufficient food for disaster-stricken people in Guangxi and other parts of south China. Before the grain allocated to Guangxi by the central government is transported to this region, Guangxi can use the more than 100 million kg of state grain reserve in this region to meet immediate needs. Before the fall harvests, more than 950 million kg of grain will be transported into Guangxi. This can completely meet the needs of the market.

When talking about the issue of grain, Zhu Rongji stressed: Guangxi will not face a shortage of grain, and grain prices should not increase. No speculator is allowed to drive up food prices by taking advantage of the opportunity. Once the activities disrupting market order are discovered, severe punishment must be meted out to those involved. At the same time, it is also necessary to properly arrange the supply of vegetables, meat, and other nonstaple foods. This is an extremely important issue. Second, it is necessary to try by every possible means to restore industrial and agricultural production. In agriculture, different cash crops may be planted or interplanted on flooded land. This will not only increase peasants' income, but also guarantee the long-term supply. The state authorities have agreed to allocate part of the imported chemical fertilizer to Guangxi first in order to support post-disaster production there. In industry, the banks may offer additional loans to disaster-stricken enterprises beyond the credit line. Financial support should be given mainly to factories that can achieve good economic results and can sell products well. Insurance companies should make proper investigations in the disaster-stricken areas and pay compensation to those suffering losses, thus helping the disaster-stricken areas restore industrial and agricultural production. Third, acting Premier Zhu stressed the principle of self-reliance and self-salvation through restoring production. He said: This time, Guangxi suffered losses in the floods totaling 18 billion yuan. It is impossible to rely on state subsidies to make up for all the losses. Attention still should be paid to the internal potential, and production should be developed in the spirit of resisting disasters. Measures should be taken to increase revenues and cut down on expenditures.

Zhu Rongji said: The national situation this year is very good: State revenue is increasing, state treasury bonds sold well, the integration of the two exchange-rate systems has changed the trade deficit into a trade surplus,

and the state's foreign exchange reserve increased by a wide margin. If the economic situation of our country can be kept in such a benign condition, we will be able to have greater strength to support disaster-stricken areas.

Those accompanying acting Premier Zhu on his inspection of Guangxi included Liu Jimin, deputy secretary general of the State Council; Niu Maosheng, minister of water resources; Chen Yaobang, vice minister of the State Planning Commission; Shi Wanpeng, vice minister of the State Economic and Trade Commission; Li Yanling, vice minister of finance; Fan Baojun, vice minister of civil affairs; [name indistinct], vice governor of the People's Bank of China; Zhang Yanxi, vice minister of agriculture; and Kui Fulin, assistant chief of general staff of the PLA. Guangxi regional party, government, and military leaders Zhao Fulin, Cheng Kejie, Yan Zhengzhong, Wen Guoqing, and some regional department heads accompanied acting Premier Zhu Rongji on his inspection tour of Guangxi.

Hu Jintao on Leadership Thinking

OW1107111794 Beijing XINHUA Domestic Service in Chinese 0932 GMT 29 Jun 94

[By RENMIN RIBAO reporter Chen Weiwei (7115 4850 0251) and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 29 Jun (XINHUA)—Hu Jintao, member of the CPC Central Committee Political Bureau Standing Committee and the CPC Central Committee Secretariat, pointed out emphatically today: In improving the leadership's way of thinking, we should strive to make fresh and noticeable progress in deepening theoretical studies, raising ideological levels, implementing democratic centralism, strengthening unity, serving people wholeheartedly, strengthening the building of a clean and diligent government, going deep into the realities of life, and energetically encouraging the practice of conducting investigations and study while following the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, closely integrating our efforts with the reform practice of building a socialist market economic system, correctly keeping abreast of the general situation of work related to the whole party and country, and proceeding from the actual state in the leadership's way of thinking.

Hu Jintao made these remarks at an experience-exchange meeting, held by the CPC Central Committee's Organization Department, on improving the leadership's way of thinking in central party and state organs. In his speech, Hu Jintao analyzed the new demands placed on leading cadres by the present new situation and new tasks, pointing out that to establish a socialist market economy by the end of the century, we are accelerating the pace of transforming the old system into a new one. This is a fundamental reform and a brand-new revolutionary pioneering task, which requires us to

redouble our efforts to promote the spirit and work style of being bold in exploring new ways, waging hard struggles, and leading a plain life. Our economic restructuring has entered the stage of integrating comprehensive reform with breakthroughs in key areas. We have encountered many new problems and deep-seated contradictions. A certain level of ideological and policy consciousness is required to resolve these problems. To raise our economic development to a higher level in the next few years, there is a pressing need for quickly shifting our economic activities to the path of improving efficiency; for correctly handling the relationship between reform, development, growth rate, and efficiency; for conscientiously handling matters in accordance with objective economic laws; and for avoiding subjectivism. To reach the goal of building socialism with Chinese characteristics, we must concentrate our efforts on making a success of economic development; pay close attention to and truly strengthen spiritual civilization; keep firmly to the correct direction as we advance; and master and apply the leadership approach and art of "grasping two links at the same time." At the crucial stage of deepening reform in an all-round manner and promoting sustained, rapid, and healthy economic development, a fundamental requirement for better leadership is to correctly understand and properly handle the relationship between reform, development, and stability. He said: All these new situations and characteristics present new challenges to leading cadres. In improving the leadership's way of thinking, we must uphold high standards and strict demands, and achieve fresh and noticeable progress so that we can carry out our duties effectively.

Hu Jintao stressed: In improving the leadership's way of thinking in the new era, we should give priority to thoroughly studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. To achieve fresh and noticeable progress in improving the leadership's way of thinking, first of all we should make fresh and noticeable progress in this regard. He asked leading cadres to carry out an in-depth study of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and to concentrate their efforts on understanding the theory's scientific aspects and on applying theoretic studies to resolving current major issues, with special emphasis on mastering Comrade Deng Xiaoping's scientific world outlook and methodology that form his new thinking, viewpoints, and propositions.

Hu Jintao said: The new situation and new tasks require us to further implement the party's democratic centralism, to bring into full play the initiative of the whole party, to rely on the intelligence and wisdom of the whole party, and to maintain a high degree of unity in ideology, politics, organization, and action in the whole party. Under no circumstances can we equate democratic centralism with the highly centralized planned economic system of the past, nor can we think of democratic

centralism as conflicting with the socialist market economic system. He said: To strengthen democratic centralism, we must attach great importance to rules and regulations. We must resolutely bring about changes in the situation where existing rules and regulations are not observed. Leading groups in central party and state organs must take the lead in strengthening unity on the basis of the party's correct line, adhere to the principle of making decisions under democratic centralism, raise the level of decisionmaking, improve their political life, enhance their ability to solve their own problems, establish a sound and effective mechanism of supervision, and heighten their guard against the abuse of power. They must constantly pay attention to approaching and handling the relationship between different departments out of consideration for the overall interests, so as to uphold the power of the central authorities. In short, they must make joint efforts to bring about "a political situation marked by both centralism and democracy, by discipline and freedom, and by relaxation and liveliness in the presence of a unified will."

Hu Jintao urged leading cadres to firmly foster the Marxist mass viewpoint and conscientiously adhere to the goal of serving the people wholeheartedly. He urged them to consider issues, handle matters, and carry out their work while taking people's support, endorsement, happiness, and consent as their motivation and aim. First, they should cherish the power at their disposal, exercise it correctly, be responsible to both the central authorities and people, diligently and honestly perform their duties, and work creatively while strictly observing discipline and keeping the general interests in mind so as to produce excellent results in promoting reform, opening up, and modernization. Second, they should be the first to work hard, lead a plain life, conduct themselves honestly, exercise self-discipline, and resolutely guard against and overcome such unhealthy practices as ostentation, showiness, lavishness, extravagance, and waste. Third, they should act exemplarily in managing their departments, in exercising sound leadership, in promoting honesty and diligence in their departments, in firmly remedying unhealthy practices in all lines of work, and in waging a thoroughgoing anticorruption drive.

On going into the thick of reality and stepping up investigations and study, Hu Jintao said: Last year Comrade Jiang Zemin called investigations and study "the foundations for planning and accomplishing our work." He called for greatly promoting the practice of conducting investigations and study throughout the party. Although central party and state organs have made headway in this respect, they should make even greater progress to keep pace with the changing situation. We should follow the ideological line of emancipating our minds and seeking truth from facts, and conscientiously carry out well-guided and well-planned investigations and study over the long term as a basic approach toward improving leadership and departmental styles. At present, we should pay special attention to studying and solving glaring problems which affect reform, development, and stability. We should devote painstaking

efforts to merging work in two aspects. First, we should truly plunge into the thick of reality, go down to the grass roots, and go among the people to gather a wealth of first-hand information. Second, we should deeply explore the essence of things on this basis and judge things by their true nature. Only by genuinely and thoroughly merging these two aspects can we devise plans, set policies, make proposals, and select methods on the basis of a correct understanding of the law of reality. Only by doing so can we ensure that the party's basic line, principles, and policies are implemented, and can we improve the performance and efficiency of party and government departments.

Lu Feng, director of the CPC Central Committee's Organization Department, chaired the meeting. Wu Yixia, Li Keqiang, He Guoqiang, and Zhang Zuojia, who are officials in charge of relevant departments, spoke at the meeting. In attendance were 500 comrades in charge of various central party and state organs.

Chen Yun's Wife Interviewed on Family Affairs

HK1107070294 Hong Kong TZU CHING in Chinese No 7, 5 Jul 94 p 19

["Vast China" column by Ruan Daoyuan (7086 6670 6671): "Usual Family Affairs Are Not That Usual—Interview With Chen Yun's Wife, Nutrition Professor Yu Ruomu"]

[Text] After a heavy snowfall on a warm winter day in the ancient city of Nanjing, we paid a visit to Yu Ruomu, Chen Yun's wife and noted nutrition professor.

Our revered Comrade Yu, now at the advanced age of 75, had gray short hair and wore a mohair sweater with a large, white, soft sheepskin shawl draped over her shoulders. She looked quite dignified. She amicably told us about past events and family affairs, leaving a warm and beautiful impression on us.

Professor Yu was born in Shandong in April 1919. During her childhood she lived and studied in Beijing. When she was a first-year senior middle schooler in 1936, she joined the CPC. She said: "In 1937, I was a second-year student at the Beijing No. 1 Girls' School. When the War of Resistance Against Japan broke out, I rushed to Yanan, the sacred place of the revolution, and immediately studied in the Northern Shaanxi Public School to receive short-term training. We studied political theory, such as the question of united front work against Japan, and also studied the history of the revolution."

Our revered Comrade Yu also talked about the "Great Cultural Revolution," about how she went to work at the Institute of Botany under the Chinese Academy of Sciences, and also about how she pulled through the "Great Cultural Revolution" to the "7 May" Cadres School....

After the "Great Cultural Revolution," our revered Comrade Yu was transferred to work in the Science and Technology Group of the Institute Office under the Central Secretariat, and thus she had more frequent contacts with the scientific and technological community. Since hepatitis was raging in society in those years, she conducted extensive investigations. The investigation results showed that apart from poor environmental sanitation and the damage done to the health system, poor nutrition was a crucial factor. In particular, protein was of extreme importance to the health of human body. Nevertheless, in those years the people's living standards were low and quality protein came mainly from animal protein. She thought it was necessary to develop soybean protein as the main nutrition for the human body. To master further information about China's soybean production, our revered Comrade Yu went to the Agricultural Scientific Institute, visited some old specialists in nutrition, and thus gained a lot of firsthand materials. In issue No. 17 of HONGQI [Red Flag] for 1983, our revered Comrade Yu published an article entitled "Nutrition—An Important Matter That Has a Bearing on the People's Health." In her article, she wrote: "The nutritional condition of the people is an important matter that has a bearing on the soundness of their health and on the development and prosperity of a nation. It is also a mark by which to measure how developed a country is in economic, scientific, and cultural terms. Promoting physical culture is an important means to build up the people's health. Improving nutrition is the material foundation for building up the people's health." Full of zest, our revered Comrade Yu briefed us on the article's main substance and cited a series of figures and ratios in the article quite accurately.

We asked her: "As a nutritionist and wife of Chen Yun, you must have a complete plan for Chen Yun's daily life."

Upon hearing that, our revered Comrade Yu said, smiling drily: "Chen Yun's life-style is quite regular. He has meals of fixed quantity at regular times. Through a long period of practice, we have found a lifestyle and patterns of eating and drinking that meet his needs. His meals are balanced, with staple and non-staple foods being appropriately proportional, and the intake of animal and plant protein being fifty-fifty. Vegetables are indispensable to his lunch and dinner. His meals are handled by our cooks in line with these principles. No repetition of a certain dish is made in a week. As he leads a regular life and is moderate in eating and drinking, his health condition has always been relatively stable."

Our revered Comrade Yu said: "Before the 'Great Cultural Revolution,' Chen Yun had the habit of drinking milk every morning. Since the 1970's, he has begun to drink home-ground bean milk with relatively standard density. As bean products do not contain cholesterol, they are quite useful to old people's health. Therefore, Chen Yun's breakfast is a cup of bean milk and two pieces of bread with butter or jam. His lunch is two liang of rice, a meat dish, and a vegetable dish. His dinner is

1.5 liang of rice, a bean-product dish, and a vegetable dish. Chen Yun eats up every meal and never wastes anything. Since the 1970's, being advanced in age, Chen Yun has had his meals alone and never has them at the same table with his wife and children.

"Since he eats so precisely in terms of quantity, how should his meals be ensured?"

With a smile, our revered Comrade Yu said: "It depends on my accomplishment [jie zuo 2638 0155]."

In the last stage of the "Great Cultural Revolution," our revered Comrade Yu stayed at home and cooked food for a year. In those years, so as to ensure Chen Yun's fixed quantity of rice, she made two containers of hard cardboard, one with a measurement of two liang of rice and the other with a measurement of 1.5 liang of rice. She also made a water measuring glass. With these instruments, every time she steamed rice, she could ensure that the rice was appropriately cooked, neither too soft nor too hard. Later on, a guesthouse in Shanghai made containers of galvanized iron sheet based on the ones she had made. They have continued to be used to this day.

When the interview came to a close, the evening lights were already lit. The unusual conversation with such an extraordinary old woman was unforgettable.

Dissident Chen Ziming Still Under House Arrest

HK1107043394 Hong Kong SOUTH CHINA
MORNING POST in English 11 Jul 94 p 7

[By Willy Wo-lap Lam]

[Text] Police have ignored a request by "black hand" dissident Chen Ziming that an end be put to his virtual house arrest.

Chen, 42, was granted parole on medical grounds last May in what was perceived as a last-ditch effort by Beijing to persuade Washington to renew China's Most Favoured Nation trading status.

After returning to his Beijing apartment on June 9, however, Mr Chen who was given a 13-year jail term in 1991, has been put under 24-hour surveillance.

"Chen is told not to see anybody, and even slightly longer trips within the capital have to be approved by the police," a source close to the family said. "He ends up staying in his apartment all day except for short walks in the neighborhood.

"Chen is also asked not to speak on the phone except to family members and close friends. He is particularly told not to talk to foreign reporters."

The source said Chen and his wife Wang Zhihong were watched by three shifts of plain-clothes agents from the Public Security Bureau (PSB).

He said that late last week the couple filed an informal petition with the PSB to end the house arrest. So far, the authorities have made no response.

A source in the dissident community said Chen, mindful of the nervous political atmosphere, had been largely cooperative with the PSB. For example, unlike other big-name dissidents such as Wei Jingsheng and Wang Dan Chen had not written articles for the Hong Kong or Taiwanese media.

"Chen has told friends that he will not air his political views because he needs to spend more time understanding the situation," the source said. He said that since returning home, Chen had spent his time studying English and that he planned to take the English as a Foreign Language test later this year.

It is understood that at this stage, Chen did not want to take part in political activity. However, he wanted an end to the surveillance and be given permission to go about his daily life, including meeting friends.

Chen's friends said his health had improved since his release from prison.

China analysts in Beijing said it was unlikely that the authorities would relax their harassment of Chen, who they consider a potential organizer of any future round of protests.

They said that even though the fifth anniversary of the June 4 massacre had passed without major incident, PSB agents had not relaxed their watch on dissidents.

Late last month, PSB officers invited several dissident intellectuals for "heart-to-heart talks" that lasted a few hours each. During these exchanges, the officers heard the intellectuals' views on the current political situation.

National Work Conference on Democratic Management Opens

SK1107052294 Shijiazhuang HEBEI RIBAO in Chinese 24 Jun 94 p 1

[By reporter Wang Li (3769 0448): "National Work Conference on Democratic Management of Staff Members and Workers Held in Shijiazhuang"]

[Excerpt] The national work conference on democratic management of staff members and workers opened ceremoniously in Shijiazhuang city on 23 June. The third meeting of the presidium of the 12th Executive Committee of the All-China Federation of Trade Unions will also be held during the conference.

Wei Jianxing, member of the Political Bureau and member of the Secretariat of the CPC Central Committee and president of the All-China Federation of Trade Unions, attended, and Zhang Dinghua, vice president of the All-China Federation of Trade Unions and secretary of its Secretariat, presided over the conference. Other leaders of the All-China Federation of Trade

Unions present at the conference were Yang Xingfu, Jiang Jiafu, Wang Jiade, Xue Zhaoyun, Xiao Zhenbang, Shan Yihe, and Zhang Fuyou.

Cheng Weigao, secretary of the provincial party committee; Ye Liansong, deputy secretary of the provincial party committee and provincial governor; Chen Yujie, deputy secretary of the provincial party committee; and Zhao Jinduo, standing committee member of the provincial party committee and secretary of the Shijiazhuang city party committee, attended to extend congratulations.

Zhang Dinghua said: The tasks of this conference are to summarize and introduce the experiences in the work of democratic management of staff members and workers gained since reform and opening up started, to study the new ideas for further strengthening this work in the new situation, and to clarify the principles and tasks for this work for some time to come in order to better serve reform, development, and stability.

On behalf of the Hebei Provincial CPC Committee and People's Government, Cheng Weigao extended warm congratulations to the conference and a warm welcome to the participating leaders and comrades. He said: The convocation in Hebei Province of the important conference and meeting of the All-China Federation of Trade Unions will positively promote not only our trade union work but also our reform and opening up, economic development, and social progress.

After introducing Hebei's achievements in reform, opening up, and economic construction, Cheng Weigao said: The practice in reform and opening up in the past 10-odd years enabled us to deeply understand that we should wholeheartedly rely on the working class and give full play to its role as the major force in developing economic construction and building the spiritual civilization if we are to successfully implement the party's basic line and accelerate reform, opening up, and economic construction. Without the understanding, participation, and support of the working class, Hebei would not have won the tremendous achievements in reform and opening up in the past 10-odd years; and without the endeavor of the working class to share a common fate and link its heart with the party and the state, the series of measures to promote enterprise reform and development would not have been implemented, and the realization of the goals to promote economic development and the modernization drive will become merely empty talk. It was based on our understanding of this that we carried out some work in the past few years by firmly relying on the working class and giving full play to its role as the major force. For instance, we extensively instituted the workers' congress system at Hebei's enterprises and enabled workers' congresses to perform their responsibilities and functions fairly successfully; we paid close attention to the democratic management of the staff members and workers of large and medium-sized state-owned enterprises, established networks for it, and made it a regular practice and a system; we strengthened

trade union organizations at various levels and supported them to do work in a creative manner so that they could play a fairly good role as the channel and bridge linking party to the vast number of staff members and workers; and we selected a group of enterprises, such as the Shijiazhuang No. 2 Printing and Dyeing Mill, Huabei Pharmaceutical Plant, Kailuan Coal Mine, Handan Iron and Steel Plant, and Xinle Shipping Company, as the typical examples in relying wholeheartedly on the working class in running enterprises, summarized and disseminated a number of fresh experiences, and, in particular in every step of our continuous in-depth reform, emphasized, in a timely manner, the role of the working class as masters, gave heed to its opinions and suggestions, tried to deeply understand the voice of staff members and workers, and safeguarded their vital interests.

Cheng Weigao said: China's reform of the economic structure has entered a new stage for overall promotion and breakthroughs in key areas. This has set new and still higher demands on relying wholeheartedly on the working class and the work to strengthen the democratic management of staff members and workers. Under the conditions that the market economy is developed, the investment system is diversified, and the enterprise system is innovated, it is a very important task to further strengthen the democratic management of staff members and workers and rely on staff members and workers persistently and wholeheartedly in running enterprises to suit the new situation. Seizing the good opportunity provided by this important conference and the meeting, we should conscientiously implement their guidelines, modestly ask for instructions from other provinces, municipalities, and autonomous regions, learn from their strong points to make up for our deficiencies, make active efforts, and be determined to promote Hebei's democratic management of staff members and workers to a new height. [passage omitted]

Government Steps Up Social Security Reform

OW0907233394 Beijing XINHUA in English 1315 GMT 9 Jul 94

[Text] Beijing, July 9 (XINHUA)—China is stepping up reforms of its social security system so as to cater to the establishment of a market economy, while maintaining workers' living standards and invigorating enterprises.

According to the Ministry of Labor, such reforms are in full swing across the country in such fields as old-age pensions, and unemployment, Medicare and industrial accident insurance.

Established in the 1950s primarily to cover insurance for state-owned enterprises and government employees, China's old social security system took care virtually of every need in an employee's lifetime, resulting in a heavy burden for employers.

With the introduction of the economic reform 15 years ago, this approach failed to meet the demand for a free

flow of labor and changes in government functions as well as the needs of the flourishing non-state economic sector.

The target of the current social security reform, according to Minister of Labor Li Boyong, is to free enterprises from their heavy welfare burden and promote fair competition among different types of enterprises, while providing social security for workers.

China is striving to establish a social security system which covers all urban employees in both state and non-state sectors with relevant laws, he said.

Under a system with the focus on old-age pensions and unemployment insurance, he said, both employees and employers will each pay reasonable portions of the cost.

Old-age pension funds for urban dwellers, for example, will be collected from employers and individuals. Part of the insurance will be paid from the funds; the rest will be paid from the insurance account of each individual, which will consist of regular sums deducted from his or her salary.

Unemployment insurance will be instituted to cover employees in all kinds of enterprises—run by the state, townships, overseas and private investors. In terms of Medicare, industrial accident insurance and child-bearing insurance for female employees, a special fund will be established in enterprises, and then such insurance will spread to cover the entire community.

So far, China's unemployment insurance covers more than 74 million workers in some 470,000 state-run enterprises.

In Guangdong, a southern province with a booming economy, 70 percent of the workers have joined old-age pension insurance schemes, 1.14 million of whom are retired workers, making up 80 percent of the total number of the retired people in the province.

Meanwhile, a social security law is being mapped out in the National People's Congress and will be drafted in September this year, ushering in a new period in China's building of a social security system.

Science Students Exempted From 'Notorious' Exam

HK1007034794 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 10 Jul 94 p 8

[By Geoffrey Crothall in Beijing]

[Text] For the first time in China since university entrance examinations were reinstated in the late 1970s, students applying for science subjects at college this year were exempted from the notorious political science exam. The examination was used by the authorities to gauge the political correctness of students entering university but was widely resented.

While liberal arts majors still had to take the political science examination during last week's national college entrance examinations, many educationalists believed they would soon be exempted. "The political science examination is an anachronism," a Beijing college professor said. "For a long time now students have simply been regurgitating the correct answers in the exam without thinking."

But while the demise of the political science examination was welcomed by students and teachers alike, analysts warned the move should not be seen as a sign of political liberalisation in the classroom. "This does not mean the authorities are easing up on the student population. In fact it is quite the opposite," a Beijing University student said. "By getting rid of the political science exam they are removing one more source of tension between the students and the authorities." The student claimed the State Education Commission was concerned by forcing students to study Marxist doctrine and Communist Party propaganda it gave students something to rebel against. "Several officials in the commission believe the 1986 and 1989 student protests were in some part a revolt against the political dogma of the time," the student said.

Instead of focusing on political dogma to keep students in line, the authorities have switched to the softer approach known as "patriotic education". Patriotic education is designed to instil in students a sense of national pride and a belief serving one's country is every citizen's responsibility. A major focus of the patriotic education system this year has been the "I am Chinese" programme which teaches students to be proud of being Chinese by concentrating on the "great achievements" of the Chinese people and especially the Communist Party.

"The aim is to win more respect for the party by demonstrating what it has done for the people of China," said a high school teacher in Beijing. "By appealing to the students' sense of patriotism rather than trying to convert them to Marxism, they hope to reassert the moral authority of the party," she said.

All the indications are patriotic education has worked where political science failed. Today's students are far less willing to criticise the party because to do so would be seen somehow as being unpatriotic. Furthermore, the students have seen living standards rise and China's position in the world improve markedly over the past five years.

Part of Sequel to Ancient Encyclopedia Due Out Soon

OW1007003894 Beijing XINHUA in English 1549 GMT 9 Jul 94

[Text] Shanghai, July 9 (XINHUA)—The editing of a sequel to an ancient Chinese encyclopedia, the "Si Ku Quan Shu", is going full steam ahead here, with the first 20 volumes expected to be published by the end of the year.

Li Guozhang, editor-in-chief of the Shanghai Ancient Book Publishing House, one of the co-publishers of the sequel, said the whole sequel will have been published by the year 2000.

The sequel will include 5,000 valuable texts on Chinese history not found in the original encyclopedia, he said.

Important academic and literary works written between the reign of Qianlong emperor (1736-1796) and 1911 will also be carried in the sequel.

The encyclopedia was edited from 1773 to 1784 under the direct auspices of Qianlong emperor of the Qing Dynasty (1644-1911), and the most distinguished scholars in the country took part in the work.

The 79,891-volume encyclopedia collects about 3,400 titles of books on the nation's literature and history and arranges them in four categories: classics, history, philosophy and belles-lettres.

There were only seven handwritten copies of the original works. They were stored in seven imperial libraries around the country.

Only four survive today.

The Shanghai publishing house started to edit the sequel in 1991, with the co-operation of the China Thread-Bound Book Bureau.

Li said the massive cultural work has received support from government departments and noted scholars from across the country.

Leading bibliographer Shun Tinglong heads the editing committee for the sequel, and chairman of the Chinese Publishers' Association Song Muwen heads the working committee.

Economic & Agricultural

Bo Yibo Urges Creation of 'Famous Brands'

OW1007223294 Beijing XINHUA Domestic Service in Chinese 1125 GMT 7 Jul 94

[Article by Bo Yibo: "Do a Good Job in Creating Famous Brands"—originally published in the third edition of 1994 ZHONGGUO MING PAI (FAMOUS CHINESE BRANDS)]

[Text] Beijing, 7 Jul (XINHUA)—Famous brands, the best and pride of a nation's industry and an important indicator of a country's economic strength, play an important role in the world market. Their development is significant for the prosperity of China's socialist market economy.

We must protect, develop, and improve existing famous brands. More importantly, we must create new famous brands. In creating famous brands, we must, first of all, attach importance to quality (it goes without saying that

good quality will yield profits). Quality is the "life blood" of famous brands. Although we also have some prestigious brand-name products with quality that can withstand tests (I am saying that they since they are being marketed nationwide, they can be considered brand-name goods at home; but, with the exception of only a few, they can hardly be considered famous brands in the rest of the world even though they are being sold in many countries during the development of our export-oriented economy), on the whole, however, problems of quality, earnings, after-sale service, and marketability remain quite conspicuous. There are many reasons for these problems. Some are caused by a lack of understanding, some are technical problems, and some are problems concerning operational guidance as well as managerial problems, including the enterprises' autonomy being obstructed by administrative departments' intervention in enterprise operations, as well as uninformed enterprises being in the dark on market needs or their products' sales in the world market. Quality-related problems must be addressed comprehensively. In the spirit of holding themselves highly responsible to the state and the people, all administrative departments, and enterprise directors (or managers) must place high on their agendas the issue of product quality, which has a close bearing on enterprises' survival.

One essential way to increase China's economic strength is to make great efforts to improve the quality of our products so that our products can compete in world markets and make a name for themselves internationally. This should be an understanding shared by our business circles and entrepreneurs. As China's reform and opening up are reaching an increasingly higher level, and will reach even higher levels in the future, our economic ties with the world will become increasingly close. Some comrades said that since progress had been achieved recently in negotiations on reinstating China's status as a GATT signatory, China may become a GATT member again very soon. I think we should not be too naive about this. Because certain people in the West demand high prices from us, they keep imposing barriers to delay the reinstatement of China's GATT membership, which they consider as a political tool they can use to deal with us, just as they did when they exercised "pressure" on us with the so-called most-favored-nation trading status. This is very unfair and totally unreasonable. I am convinced that no one can stop the general trend of world economic development. We must never renounce this right, which accords the norms of international laws. As a developing country, China can only undertake the obligations meant for developing countries. We must make every effort to become a GATT member again and have our status reinstated as a founder of this international trade organization.

We should do our work beforehand. While reinstating China's GATT status will provide Chinese products with opportunities to enter the world market, the reinstatement will force us to confront competition and challenge

in all sectors in the world's economic arena. This being the case, the most urgent task before us now is to increase Chinese products' competitive capacity. We must be determined to make great, earnest efforts for several years to improve the quality of our traditional goods, and—which is even more important—catch up with the world's best in terms of product quality and grades of modern, mass-produced goods, and accept the challenge of the world market with some brand-name Chinese products.

The quality of products reflects, in an important sense, the quality of a nation. China is a large country with a population of over 1.1 billion. Though our economic scale is very large, our management level is still relatively backward. Old enterprises have poor scientific research capabilities, have yet to successfully carry out technical transformation, and lag far behind moderately developed countries. To create famous brands under these circumstances, we particularly need to bring into full play the initiative of people as well as their creativeness. Much can be accomplished if we bring into play the first essential factor of the productive forces—people—in the process of developing a socialist market economy. We must bring up a contingent of well-trained, career-minded entrepreneurs with a strong sense of social responsibility and through them painstakingly train one group of high quality staff and workers after another. We must conscientiously solve management problems existing in large- and medium-sized state enterprises, transform their operating mechanisms, and enhance their ability to enter into the market, so as to invigorate them, enable them to enjoy development, and ensure the role of "state enterprises as the principal part." One of the keys to advocating the establishment of a modern enterprise management system compatible with our national conditions is to improve the quality of people. If we can successfully bring into play the initiative of enterprises' cadres, staff, and workers, we shall be able to greatly enhance the competitiveness of enterprises and have a guarantee for developing high quality products of famous brands that sell at high prices.

Today, the world has entered an era of high technology. Competition on the international market, in the final analysis, is the competition of trained personnel, science, and technology. "Science and technology constitute a primary productive force." More than once, Comrade Xiaoping pointed out in a profound and very rueful manner: "The technological gap between China and Japan was not so great in the 1950's. However, we closed our doors to the outside world for 20 years and did not place competition in the international market on our agenda. Japan became an economic superpower during this period." Reform and opening up blazed a wide trail for enterprises' technical transformation. While introducing, assimilating, and digesting advanced technologies, we must base our work on innovation, let a new production capability take shape, completely change our practice of "consistently turning out the same products for 30 years," accelerate the renewal of existing products

and development of new products, and establish the manufacturing of products of famous brands on the solid foundation of reliance on scientific and technological advances.

I would like to focus discussion on attaching a high degree of importance to the issue that "science and technology constitute a primary productive force" and on making up our minds to raise the level of China's science and technology and strive to attain the level of moderately developed countries through 10 to 20 years' efforts. We must cherish such an ambition. Instead of the common practice of "talking big" or "indulging in idle talk," we must have an overall long-term program and adopt measures that enable us to work steadily and make solid progress for the fulfillment of such a program; otherwise, our productive forces will not be able to keep abreast of the world's science and technology—which is forging ahead and bringing about changes day by day—and will always lag behind those of the developed countries.

While paying attention to product quality, enterprises must cherish, develop, and improve the business reputation of their own trademarks and enhance their consciousness of famous brands. Famous brands—in particular, prestigious trademarks among them—are symbols of product quality. Though they are intangible wealth, they can be turned into something tangible. It is said there are assessments for some internationally prestigious trademarks in foreign countries. For instance, a certain famous trademark is said to be worth \$20 to \$30 billion. What a tremendous source of wealth! Enterprises must integrate the attention they pay to quality with the efforts they make to create famous brands, so that they may produce an inner driving force and continue to make improvements. The competitiveness of enterprises depends, to a great extent, on the competitiveness of product quality. Though a number of famous brands have already been produced in China, international famous brands that truly enjoy world reputation are very, very rare. We must draw on the successful experiences of developed countries in creating famous brands and integrate them with our own characteristics to create our own famous brands, so as to gain a position in the international market worthy of the population and economic strength of China.

In recent years, the situation of counterfeit products imitating famous brands on the market is very serious. It resulted in chaos in the market, harmed consumers, damaged the reputation of products of famous brands, and inflicted heavy losses on enterprises and the state. It reflects a problem existing in our management and should catch the attention of governments at all levels and the whole society. It is hard to create a famous brand, but it is harder to protect it. Cracking down on fake and shoddy goods is a long-term task, and unremitting efforts should be made in this respect. We must have a well-considered plan, take tough measures, and successfully implement them in real earnest. We must do a good job of coordination and improve various laws and

regulations, so as to leave no loopholes for fake and shoddy goods. We must make full use of legal means to protect famous brand products. To this end, the "Trademark Law" and the "Law on Unfair Competition" were formulated and adopted. It is necessary for enterprises and consumers to enhance their consciousness of self-protection and learn how to use legal means to protect their own legitimate rights and interests.

In short, the whole society, governments at all levels, and mass organizations must be conscious of protecting, developing, and continuously enhancing famous brands and respecting their intellectual property rights. They must not infringe on or undermine famous brands in any way or under any pretext.

Developing and protecting famous brands is an important matter that has profound significance. We must continuously explore and forge ahead in a reforming and pioneering spirit and successfully fulfill the task in a bid to expedite in-depth development of reform and opening up and to promote more economic prosperity in China.

Song Jian Urges Aid for Sustainable Development

*OW1007003694 Beijing XINHUA in English 1602
GMT 9 Jul 94*

[Text] Beijing, July 9 (XINHUA)—Chinese State Councillor Song Jian today urged developed countries to honor their promise of providing assistance to the developing nations in getting onto the path of sustainable development.

He called on the developed countries to honor their promise to organizing and mobilizing through multilateral and bilateral channels more financial resources and to create new mechanisms to provide more funds for the sustainable development of developing countries, including China.

The promise was made at the Earth Summit, or the United Nations Conference on Environment and Development (UNCED), held in 1992 in Brazil.

Speaking at the closing ceremony of the high-level round-table conference on China's Agenda 21, Song Jian said that in the past three days, representatives of about 20 countries, international institutions and enterprises reached a decision of intent for co-operation on nearly 40 specific projects with China.

The projects, designed for China's sustainable development, include sustainable agricultural development, pollution control and clean energy, and development of communications.

Song told a press conference later that China plans to pour about two billion U.S. dollars into 62 priority projects, the first group listed on China's Agenda 21, during the next seven years or more.

China will incorporate those projects into its next five-year national economic and social development program

between 1996-2000, said the State Councillor, who is also minister in charge of the State Science and Technology Commission.

Among the projects are large-scale programs, including one to provide enough food and clothes for the country's 80 million people living in abject poverty.

Song estimated that between 60 and 70 percent of the fund needed for the 62 projects will be ensured and provided by the government or banks. He called for international aid to make up the shortage.

About 170 representatives from 20 countries, 13 United Nations institutions or other international organizations and individual enterprises, as well as 200 Chinese counterparts, attended the conference.

James Speth, administrator of the United Nations Development Program, told the press conference that the international community will give full support to China's Agenda 21, which was approved by the Chinese Government earlier this year to fulfill its commitment to UNCED in 1992.

NPC Standing Committee Meeting Discusses Draft Laws

OW0807194594 Beijing XINHUA Domestic Service in Chinese 1427 GMT 29 Jun 94

[By reporter Liu Siyang (0491 1835 2254)]

[Text] Beijing, 29 Jun (XINHUA)—The Eighth Meeting of the Eighth National People's Congress [NPC] Standing Committee began to hold group discussions yesterday afternoon. In deliberating the draft laws on labor and urban real estate management, members of the NPC Standing Committee were of the opinion that after being revised several times, the contents of the two draft laws have been well-considered. They recommended that the two draft laws should be adopted and put into effect after being further revised.

The draft labor law and the draft law on urban real estate management were initially discussed at the Sixth and Seventh Meetings of the Eighth NPC, respectively. After the meetings, the two draft laws were revised according to the views of members of the NPC Standing Committee who had examined them as well as opinions of relevant central and local departments, enterprises, and experts.

During the group discussions, members of the NPC Standing Committee continued their deliberation of the two draft laws.

In examining the draft labor law, most members of the NPC Standing Committee held that enacting a labor law is of great significance for promoting the reform of the labor system, protecting workers' rights and interests, readjusting labor relations, and accelerating economic development and social progress.

Some members of the NPC Standing Committee submitted amendments to the draft labor law. Zhang Yan-ning, member of the NPC Standing Committee, said: The draft law provides that "units which really need to cut down the number of persons employed may do so after reporting to labor administration departments." The word "reporting" here, whether it means reporting for approval or for the record, should be clear-cut. He proposed: When an enterprise on the verge of bankruptcy is consolidating itself according to law or encounters serious difficulties in production and operation, it should be allowed to cut down the number of its employees and to reduce the number of work hours and the amounts of bonuses. The law should provide for more than one method with which to alleviate such difficulties.

Some members of the NPC Standing Committee said that provisions of the draft labor law should be fully feasible. Zhou Zhanao, member of the NPC Standing Committee, said: The labor law should protect the rights and interests of workers according to different circumstances. The provision of the draft law regarding the extension of work hours is so specific and rigid that it may be very difficult for some unit to apply it. Some members of the NPC Standing Committee also expressed their views on labor-capital relations and taking veteran workers' interests into account while signing labor contracts.

In deliberating the draft law on urban real estate management, members of the NPC Standing Committee held: It is urgently needed to enact a law on urban real estate management in order to strengthen the management of urban real estate, maintain real estate market order, protect the legitimate rights and interests of real estate owners, and promote the sound development of real estate.

Some members of the NPC Standing Committee submitted amendments to the draft law on real estate management. Sun Tingfang, member of the NPC Standing Committee, said: Article 6 of the draft law states: "State Council departments in charge of construction and land administration shall each attend to their own duties and coordinate closely with one another in managing real estate across the country." The words "departments in charge" are not quite clear, and their authority and how they should coordinate in this regard should be clearly defined. Some members of the NPC Standing Committee also suggested that the draft law include specific provisions for the protection of cultivated land.

Central Authorities To Reform Enterprise Management

HK1107101394 Hong Kong WEN WEI PO in Chinese 21 Jun 94 p A3

["Dispatch" by staff reporter Wu Fei (0702 2431): "Central Authorities To Reform Enterprise Management System"]

[Text] Shanghai, 20 Jun—Relevant state departments will adopt measures to reform the system of managing the ownership and management rights in state-owned enterprises. It has been disclosed that ownership by the whole people rather than by local authorities, departments, or enterprises will be upheld. The representative of state-owned assets is exclusively the State Council and not the local authorities or departments. The State Council and local governments assign relevant economic departments to oversee the management of state-owned assets and exercise level-to-level administration of ownership. No new state-owned assets management organs will be set up.

As for the reform of management rights, it will be defined that enterprise management rights are a legal property right, that the state will no longer directly control enterprise property, and that the right to dispose of important enterprise property and equipment will be wholly turned over to enterprises. Moreover, it will be stipulated soon that enterprises will no longer have to turn over after-tax profits to the state treasury but to retain them all for reinvestment.

As for the relationship between ownership and management rights, it will be made clear that ownership should not interfere with management rights, neither should the latter infringe upon the former. The relevant economic departments of the State Council will be defined as overseers of enterprises. Furthermore, a system of supervisory committees will be instituted in large and medium-sized enterprises.

Economist Rejects Raising Interest Rates

HK1107051594 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 11
Jul 94 p 4

[Article from the "Viewpoint" column by Professor Li Yining, head of Beijing University's Department of Economics and Management and member of the National People's Congress Standing Committee]

[Text] At a recent academic forum, I had a debate with economist Wu Jinglian on the need to raise interest rates.

Professor Wu felt that because of the high inflation rate, the real interest rates were effectively negative. He argued that unless interest rates were lifted, the negative rates would be detrimental to the economy.

I do not share his view. One should consider the overall picture of the economy, not just interest rates alone, before deciding whether they should be raised.

Reforms to China's state-owned enterprises have been relatively slow. Most firms are still not run independently and so are not responsible for the bottom line. As a result, any interest rate increase has hardly any effect on them.

Higher interest rates also do not affect state firms with heavy debts and low efficiency. Indeed, as long as they have access to credit, it does not bother them if interest rates are high. Most state firms are seldom worried about repayment. If they cannot repay, they simply delay, or default on, the payment. Or they just stop paying interest.

On the other hand, an increase in interest rates would hurt efficient and profitable state enterprises. If such is the case, would it not be counter-productive to raise interest rates?

Raising the cost of borrowing also means the interest on deposits will have to be increased. An increase in interest on deposits will have two consequences—banks would see a drop in profit margins, and income meant for consumer spending would be diverted into banks, aggravating the slump in the retail sector. As it is, the inventory of some retail items is by no means small. Any move to raise interest on deposits to divert consumer spending can only add to the problems of manufacturers of consumer goods.

Higher interest rates also have an adverse effect on stock markets. Since the slump, the active players in the stock markets are mostly retail investors, not institutions. If rates are increased, retail investors may find it more attractive to put their money in the banks or invest in treasury bonds, which will further dampen the stock markets. Institutional investors will also cut their investment in the stock market because higher interest rates will mean a tightening of credit and less money available to play the markets. Put simply, an interest rate rise can only push the market further southwards, which will in turn hurt the development of shareholding companies.

Two years ago, there was a scramble to buy shares because investors knew there was money to be made if they got shares in initial public offers. But since the slump, a successful subscription does not necessarily guarantee that the share price will go up. All this is bad for state-owned enterprises looking to list on the stock market as a way of restructuring their operations.

Because of the adverse impact of an interest rate increase on these sectors, I do not favour an upward adjustment. If one were to accept Mr Wu's argument and go for an increase, what will the psychological impact on the public be? I feel that we should not disrupt the expectations of the consumers. To do so would severely change their consumption, investor and saving patterns. This can lead to unforeseen consequences.

If interest rates are raised again, bond investors can only conclude that the government's pledge on higher interest payments is not reliable. That could mean less confidence in future bond issues. It is clear Mr Wu's suggestion is not feasible at this stage.

Non-Farm Wages Rise 27.9 Percent Jan-May

HK1107044294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 10-16 Jul 94 p 8

[By Wu Yunhe: "Payroll is Up; Prices Are, Too"]

[Text] Non-agricultural wages rose 27.9 per cent during the first five months of this year.

Also during the first five months payroll of the country's non-farm employment reached 212.3 billion yuan (\$24.4 billion), up 27.9 per cent from the same period last year, according to the State Statistics Information and Consultancy Service Centre.

The wages paid out in May alone totalled 43.2 billion yuan (\$5 billion).

Of the total wages paid during the first five months, State industries accounted for 166.2 billion yuan (\$19.1 billion), up 27.9 percent from the same period last year; collective enterprises paid 35.2 billion yuan (\$4 billion), up 13.9 percent; and foreign funded and private firms paid 10.9 billion yuan (\$1.2 billion), up a hefty 113.2 percent.

Centre officials believe the increased payroll figures go a distance toward explaining higher consumer spending and higher prices.

Statistics

In May, retail prices nationwide—one of the country's important inflation indicators were 18.9 percent more than the same month a year ago.

Meanwhile, national consumer prices, another major inflation indicator that includes the prices of services, were 21.3 percent higher. The transaction prices of agricultural products also went up 23.7 percent.

By the end of May, non-farm employment in China stood at 147.53 million compared with 147.41 million by April this year.

State industries employment by May stood at 108.73 million, up 36,000 people from a month ago.

Of the workers employed in State industries by May, 25.62 million were working under contract.

Collective enterprises employed 33.64 million people, down 51,000 people from a month ago.

The employment of the foreignfunded and private firms also went up 145,000 people from a month ago.

Real Estate Law To Encourage Foreign Investment

HK0907061194 Beijing CHINA DAILY in English 9 Jul 94 p 1

[By Li Hong: "New Law Encourages Property Investment"]

[Text] A new real-estate law putting foreign developers on the same footing as their local counterparts has been introduced in a bid to encourage more overseas investment into the domestic property market.

The move puts China ahead of many Western developed countries which restrict foreign property development by law.

The Urban Real Estate Management Law, which takes effect next year, stipulates that no distinction should be drawn between domestic and overseas investors, said Li Zhengdong, Vice-Minister of Construction, on Wednesday.

The new law, which was stamped by the National People's Congress Standing Committee on Tuesday, permits local governments to give tax breaks and other favourable treatment to residential housing developers.

And Li said that he appreciated Shenzhen municipality's efforts to lure overseas investment into low-profit housing by allowing them to develop high-profit, luxury buildings and villas as compensation.

Shenzhen also exempts residential developers from paying income tax, Li said.

Fujian Province also encourages foreign developers, according to the Real Estate Development Department of the ministry.

The ministry is busy drafting a series of regulations to help enforce the new law.

These will cover selling houses before they've been built and rules for surveyors.

The law imposes fines on developers of up to 20 percent of contracted investment if a construction project is delayed for one year.

It aims to ban speculation by ruling that until 25 percent of total contracted investment has been paid, the house or villa cannot be transferred or sold.

Also, the State will train surveyors to place a value on land and housing.

To prevent State-owned plots from being sold at discount prices, the government created a land valuers body in May to regulate prices across the country.

State-approved surveyors will evaluate the land and property for sale.

House leasing must be reported to housing management departments.

Li said that the Ministry of Construction welcomes foreigners investing in residential housing, which is a priority of the central government and will benefit the millions of people who are still inadequately housed.

He said the Real Estate Management Law will provide a legal basis for protecting the interests of property developers and will maintain order in the real estate market.

The vice-minister said property development investment has slowed down since early this year thanks to the country's macro-economic controls.

He added that real estate investment increased by 52 percent in the first five months, compared with a 170 percent upsurge in the same period last year.

Construction Minister Hou Jie warned that urban housing projects should not be "even more cool".

State Enterprises Delay Listing on New York Exchange

HK1107051794 Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) in English 11 Jul 94 p 1

[By Rodney Diola]

[Text] After Luoyang Glass's shock debut on the Stock Exchange of Hong Kong last week, Chinese companies are delaying their ambitious bids to issue shares and gain listings on stock exchanges here and abroad.

Sources within the investment banking community said Huaneng International Power Development Corp had postponed plans for a primary listing in the United States this month by listing American Depositary Receipts (ADRs) on the New York Stock Exchange (NYSE), because of bad market conditions.

The company was hoping to be the first Chinese state-owned enterprise to hit the United States with a primary listing.

The NYSE had approved the ADRs, paving the way for the listing of Huaneng as early as this month.

The New York listing of the ADRs, which are denominated in dollars and issued worldwide, would give Huaneng—a Chinese joint venture with a foreign company and owned by China Huaneng Group—an easier time in seeking a listing on other exchanges.

Investment bankers said the underwriters for Panda Electronics and Qingling Motors were expected to announce this week plans to postpone those two offerings in the Hong Kong market after Luoyang's listing last Friday killed interest in China-related shares.

This follows a decision by underwriter Morgan Grenfell not to push ahead with the Shanghai Haixing Shipping offer this week.

Luoyang Glass tumbled 20 per cent from its issue price as investors sold their shares away owing to twin fears that China's stability had remained uncertain and that the price was still too high given the poor market conditions.

The turmoil in the world's currency markets had also made prospects dimmer for some investors. Seapower Research analyst Evan Chun said Qingling Motors could suffer from significant declines in operating profits and margins in the face of the strong Japanese yen.

Profit margins from Qingling have already plunged from 37.9 per cent in 1992 to 20.7 per cent in 1993 as the yen continues to gain strength in the currency markets. Margins this year are expected to be around 18 to 20 per cent.

Qingling Motors is a joint venture between Chongqing General Autoworks and Isuzu Motors for the assembly of Isuzu designed trucks. The company is reliant on purchases of components from Japan. The components make up 82 per cent of the value of the goods it sells, so a stronger yen means its trucks become more expensive.

Last year, Qingling Motors did not adjust the price of its vehicles to offset the rise in the yen.

"This indicates that the motor vehicle market in China is fragile, Ms Chun said.

Analysts said the Luoyang Glass experience would keep international investors away from China shares for a while.

Unless they were priced reasonably, with price-earning (P/E) ratios of about 8 to 9 times, then they "are likely to make a poor showing" upon listing, the analyst said.

DBS Securities analyst Maurien Yau said the substantial fall, some times by as much as 60 per cent, in H shares presented good bargain-hunting opportunities.

One of her favourites was Beiren Printing Company, which, she said, now traded at only 7 to 8 times P/E.

"It has good fundamentals and the price is now quite attractive," she said.

Bank Urges Continuation of 'Tight Monetary Policy'

HK1107043594 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 10-16 Jul 94 p 1

[By Liu Weiling: "Tight Reins on Money Urged"]

[Text] China should stick to a tight monetary policy and ensure that this year's total loans not be more than 20 percent higher than last year's, according to an analysis by the People's Bank of China.

Also, growth in the "broad-based" measure of money supply should be contained within 24 percent for the year, the report said.

The "broad-based" measure of money supply includes cash in circulation and all bank deposits, including long-term savings. "Simple" money supply measures

only cash in circulation and current bank deposits. Growth of money supply is a key indicator of future inflation.

The report says an over-supply of money during the 1990-1992 period was the decisive force that fuelled hefty economic development, investment expansion and high inflation in 1993.

After the government imposed macro-economic brakes to slow money supply growth in August last year, the economy responded. However, officials believe they should continue to constrain the growth in money supply because inflationary pressures persist.

According to the report, factors influencing this year's growth in the money supply include:

- The difficulty in restraining fast growth in fixed assets investment.
- The growing national budget deficit, which in 1994 is projected to be 66.92 billion yuan (\$7.7 billion), more than 20.5 billion yuan (\$2.36 billion) higher than in 1993. To finance the deficit, 100 billion yuan (\$11.4 billion) in State treasury bonds have been issued. The 1994 budget projects State revenues to be 476 billion yuan (\$48.57 billion) and expenditures 542.91 billion yuan (\$55.40 billion).
- Increased wages for employees in government units and some enterprises. The increases, along with price hikes for some production materials that appeared in 1993, are expected to encourage rapid money supply growth in 1994.
- Reforms in the nation's systems for taxation, foreign exchange and pricing unveiled at the beginning of this year. It is expected that these reforms will increase the demand for money this year.

Money Supply

The report said the nation experienced a relatively stable first quarter this year in terms of simple money supply growth thanks to increased bank savings, steady development in industrial production and sufficient withdrawal of money from circulation.

All of the 140 billion yuan (\$16.1 billion) cash added by the government to circulation between January 1 and the Spring Festival (February 10) had been recouped by the end of March.

Private savings also increased 103 billion yuan (\$11.84 billion) during the period to reach 1,662.5 billion yuan (\$191.1 billion) by March.

Meanwhile, the prolonged bearish performance in stock markets and the government's efforts to eliminate illegally issued notes, which have often been issued by enterprises without government sanction, are also influencing residents to shift their investment to banks, which represent safer repositories.

The report pointed out that banks expect to find surging demand for working capital loans as the year goes on.

Many fixed-asset projects, which were completed in 1993, are awaiting working capital before they can begin operating.

Loans for working capital are expected to be a smaller proportion of total loans than in any year since 1988, according to planned loan targets set by the government.

Official Says No New State-Level Zones This Year

HK0807150894 Beijing ZHONGGUO XINWEN SHE in English 1203 GMT 8 Jul 94

[Text] Hong Kong, 8 Jul (ZHONGGUO XINWEN SHE)—There are to date 32 state level economic and technology development zones across China and no new zone of such a kind, as well as bonded areas, will be approved for this year, according to the Secretary-General of the China Development Zones Association, Mr Tan Hanhuai. Following the implementation of the macroeconomic regulation last year, some 400 development zones of provincial level have been kept while over 1,000 others at the level of city and county have been written off.

Mr Tan made the remarks yesterday after a press conference held here for a Fujian investment and trade fair. He said that the 32 development zones occupied a total area of 300 sq. km with one third of it under actual exploitation. There were so far 13 bonded areas in China housing 3,600 foreign-funded projects registering pledged foreign capital of \$4 billion while the actual use of foreign capital was valued at nearly \$800 million.

Mr Tan pointed out that a survey on 16 coastal economic and technology development zones in Dalian, Tianjin, Shanghai and Guangzhou showed that, by the end of last year, 5,100 foreign-funded projects were involved in these zones with a total pledged value of \$9 billion while the actual use of foreign capital was put at \$3.75 billion. The zones also ran several thousand domestic industrial enterprises.

Whether inspection will further be carried out on the 32 development zones, according to Mr Tan, is under consideration. There is a possibility that the state will grant approval for the establishment of such zones in the future. No change is expected in policy on the development zones but requirements will be higher in terms of the nature, level, and quality of items to be undertaken in these zones.

The launch of new reform measures in taxation and foreign exchange since the beginning of this year have no impact on preferential policies adopted by development zones and bonded areas on drawing foreign capital. Suitable measures have been taken to make up increased taxes imposed on some foreign-funded enterprises due to the reform.

In another development, the Deputy Secretary-General of the Fujian Government, Mr Zheng Zongjie, said that the Fujian Investment and Trade Fair would be held in Xiamen between September 8 and 12 which would be co-sponsored by five provinces of Fujian, Yunnan, Guizhou, Shanxi, Sichuan as well as Xiamen.

Zhuhai Takes Steps To Expand Port Facilities

OW0907235094 Beijing XINHUA in English 1251
GMT 9 Jul 94

[Text] Zhuhai, July 9 (XINHUA)—Zhuhai, one of the three special economic zones in Guangdong Province, has further improved its port facilities to facilitate the rapid economic development of the Pearl River Delta.

One of China's cities with a large group of ports, Zhuhai has 24 state-level outlets spreading over the city, the new development zone and local islands.

Included are Gongbei and Jiuzhou Ports, which are the most important.

Gongbei is the only land port linking the Chinese mainland with Macao. It enables 140,000 passengers to enter and leave the mainland every day, while handling more than 4,000 tons of cargo.

The Jiuzhou Harbor is able to provide water-land through transport service for foreign trade in Zhuhai, the Pearl River Delta and the western part of Guangdong Province. [sentence as received]

The harbor handled 2.3 million tons of goods and 200,000 standard containers last year, ranking first in the province. It also enabled more than 540,000 passengers to enter and depart from the mainland.

To make use of the geographical advantages of bordering Hong Kong and Macao and to speed up economic development and opening up, Zhuhai's decision-makers have launched a "big port" project.

After the completion of this project, Zhuhai will be able to facilitate the flow of passengers, goods, capital, information and technology, improve its role of window and extend the function of the special economic zone.

To attain the goal, the municipal government plans to take the following measures:

- Eastwards to put up Lindingyang Bridge, stretching over the Pearl River estuary and establishing a direct link with Hong Kong;
- Westwards to put up Huangmaohai Bridge, leading to the western part of Guangdong Province and the vast southwest interior area;
- Southwards to actively develop Hengqin Island near Macao;
- To expand Zhuhai highway linking the urban area with the Pearl River Delta;

—To develop the Zhuhai harbor, Zhuhai airport and the Guangzhou-Zhuhai express railway and expressway; and

—To improve infrastructure construction, such as transportation, energy and telecommunications.

As a result, Zhuhai will strengthen its capacity to promote economic development of the Pearl River Delta and southwest and south China.

Owing to the painstaking efforts taken by the municipal government, the project is proceeding well.

Two 20,000-ton wharves and Zhuhai highway have been completed so far, and Zhuhai international airport, Zhuhai harbor project—including a terminal for dangerous articles and a container terminal—and the Guangzhou-Zhuhai expressway are under way.

In order to further utilize first-class port facilities and compete internationally, the municipal government put forward an idea of deepening the port system reform to conform to international conventional practice.

Its Jiuzhou Port has taken the lead in cooperating with Hong Kong's Hatchison Whampoa Company to draw on the latter's management experience and operational patterns and expand its market.

Article Views Importance of Marine Resources

OW0807132194 Beijing XINHUA Domestic Service in Chinese 2124 GMT 28 Jun 94

[By XINHUA reporter Zhang Rongda (1728 2837 1129): "Raise the Interest of the Whole Nation in the Seas and Oceans"]

[Excerpts] Qingdao, 29 Jun (XINHUA)—The vast and rich seas and oceans have begun to attract the attention of more and more countries. The existence of mankind depends on the earth, but the earth is faced with the problem of a rapidly increasing population, a decrease in natural resources and the deterioration of the environment. People are now looking toward the seas and oceans and competition for maritime influence has become more and more fierce. A number of noted scientists of our country recently called again: To benefit the nation and make our country rich and strong, we must enhance the consciousness of the whole nation toward the seas and oceans. [passage omitted]

What are China's marine resources and how developed is the industry that exploits them? Marine scientists have painted an encouraging picture: In the vast coastal areas of our country, there are more than 20 inshore fishing sites and several thousand kinds of sea life, including more than 100 kinds of fish with relatively high economic value. The continental shelves of our country have abundant oil resources. The proved deposit of petroleum is approximately 16 billion to 20 billion tonnes and the reserve of natural gas is approximately 6,300 billion cubic meters, constituting the major part of

the western regions of the vast oil and gas belt of the Pacific Ocean. [passage omitted]

However, scientists and experts have frankly noted that, generally speaking, our country's development of high technology in marine science started relatively late and there is a clear gap between the levels reached in our country and the international level of marine technology. Those experts have solemnly reminded us that development of marine resources is a huge engineering undertaking, that so far our country does not have a comprehensive and unified department for marine development nor a unified strategy and plan for development, and the overall development of marine resources has been spontaneous, dispersed, and inefficient. Our investment in high marine technology is quite small and marine science and technology lag behind production. There are still many problems in administration, including the trend toward an unchecked increase in inshore fishing boats, a rapid decrease in fishing resources, particularly economic fish, due to excessive catches, and disorder and water pollution in some sea areas which seriously endanger the development of aquatic products.

In the face of this backward situation, the only way out is to work hard to catch up with advanced countries. Professor Zeng Chengkui, who is also an academician at the Chinese Academy of Sciences and a pioneer in Chinese marine biology research, pointed out that we must enhance the national consciousness of the seas and oceans, mobilize people across the whole country to build China into a sea power, and unhesitatingly consider the development of marine resources to solve population, resource, and environmental problems as a basic policy. He suggested that, in order to protect China's maritime rights and interests, and to cope with the new maritime order in the world, we must promptly adjust our maritime policy, strengthen the legislation of maritime law and the administration of marine resources, promote the study of a maritime development strategy, formulate plans for maritime development, and increase investment in maritime development. [passage omitted]

Localities Delinquent on Key Project Funding

*OW0807172494 Beijing XINHUA in English 1643
GMT 8 Jul 94*

[Text] Beijing, July 8 (XINHUA)—Banking authorities have set new loan requirement for capital projects to make sure that localities and enterprises come up with their due share of investment.

At the moment, key state projects still face a funding crunch despite the smooth flow of bank loans, for localities and enterprises have failed to fulfill their commitment to shoulder part of the investment, according to Su Wenchuan, vice-president of the People's Construction Bank of China (PCBC), the country's main artery for capital project investment.

Su said that PCBC will from now on provide loans only when it is assured that localities or enterprises have prepared their due share of funds for the project.

During the first six months of this year, bank loans to the key state projects totaled 41.3 billion yuan, of which 9.3 billion was from the construction bank and 32 billion from the newly-established State Development Bank.

These funds account for over 50 percent of the total capital requirement of the projects this year and also are ten percentage points higher than the fund supply target set by the central government.

But a recent survey by the construction bank shows that during the corresponding period, these projects have only received 30 percent of funds which should be provided by local governments or enterprises.

In some places, the local funding was even lower than 10 percent.

"The construction progress of key state projects might slow down during the second half of the year if funds which should be supplied by local governments or enterprises cannot be collected according to schedule," cautioned Su.

He noted that the construction bank's new loan requirement would press localities to concentrate their capital resources on state key projects and thus "stem the blind investment craze of local governments."

China's reform of its investment system has abolished the central government's role as the sole investor. Construction costs are usually shared between the state and local governments or enterprises, with the latter's share now rising to nearly 50 percent of the total capital requirement.

Foreign Exchange Trade System Reports 'Brisk' Trading

*OW0807172594 Beijing XINHUA in English 1640
GMT 8 Jul 94*

[Text] Shanghai, July 8 (XINHUA)—Trading has been brisk and the value of Chinese renminbi stable since the China Foreign Exchange Trade System opened here in April, a spokesman for the system said today.

The spokesman said that to date, 11.73 billion U.S. dollars and 5.43 billion Hong Kong dollars have changed hands in the system.

On July 30 the weighted average of renminbi yuan was 8.6617 against the U.S. dollar, 0.52 percent higher than when the system opened on April 4.

To date, 200 Chinese and foreign financial institutions in 12 major cities, including Shanghai, Beijing, Tianjin, Shenzhen, Hangzhou, Guangzhou, Xiamen, Wuhan and Nanjing, have been connected with the system via computers.

Foreign Trade Ministry Defines Scope of Foreign Investment

HK1107014294 Hong Kong MING PAO in Chinese 8 Jul 94 p A11

[Special dispatch: "Ministry of Foreign Trade and Economic Cooperation Defines Scope of Investment by Foreign Companies"]

[Text] The Chinese Ministry of Foreign Trade and Economic Cooperation announced that the authorities would not allow the participation of foreign capital in trades in which domestic productive forces had satisfied domestic needs or those in which products were not exported at a high rate.

Yesterday, ZHONGHUA GONGSHANG SHIBAO [CHINESE BUSINESS TIMES] quoted the ministry by saying that those trades that would not be allowed to introduce foreign investment included the domestic production of electrical appliances, video recorders, black-and-white television tubes, and oil refineries with a capacity lower than 2.5 million tonnes.

The ministry also pointed out that before foreign investment is made in the banking, insurance, securities, retail, foreign trade, printing machinery, and air transportation industries, the projects have prior approval from the State Council.

Foreign investment was prohibited from entering the postal service, telecommunications, television broadcasting, newspapers, arms production, and other undertakings which may cause environmental pollution or harm national security. However, the newspaper did not give more details in this regard.

First Express Railway To Link Beijing, Shanghai

OW1007051194 Beijing XINHUA in English 0313 GMT 10 Jul 94

[Text] Beijing, July 10 (XINHUA)—China will build its first express railway by the end of this century. It will be the second rail link between Beijing and Shanghai.

The 1,300-km double-track electric railway will be 100 km shorter than the current line between the two cities. Trains are expected to reach speeds of 250 kph and cut the present time of the trip by one-third to about five hours.

The new line is estimated to cost 100 billion yuan (about 11.6 billion U.S. dollars), and foreign investment will be included.

A field survey is being conducted now, and the preliminary design will be worked out by the end of this year, according to technicians.

The new line, running via Tianjin and through the provinces of Hebei, Shandong, Anhui and Jiangsu, will be another artery linking Bohai Bay with the Chang Jiang River delta, two key economic belts in China.

The old railway line is overloaded with one-tenth of the total national freight and one-seventh of the aggregate passengers.

Computerization, More Funding To Ease Grain Shortages

HK0907061094 Beijing CHINA DAILY in English 9 Jul 94 p 1

[By Ma Zhiping: "Computers Aid National Grain Supply"]

[Text] A \$990 million grain-supply project using high-tech management systems is already easing cereal shortages across the country.

New silos are being built, a national computer system is being installed to ensure that grain supply keeps up with demand. Meanwhile, the government has extended more than 10 billion yuan (\$1.15 billion) of credit to pay farmers for their bumper harvest.

"Since 1991, the beginning of the Eighth Five-Year Plan period, China has built granaries with a total storage capacity of more than 20 million tons, thanks to substantial State investment," said the Ministry of Internal Trade.

The government plans to set up soon a computer network between the country's 1,000 key granaries, which control 70 percent of the State grain storage, the ministry said.

Some 50 granaries will introduce computer management by the end of the year, it said.

The Agricultural Bank of China extended 10.2 billion yuan (\$1.17 billion) of loans last month to pay for State purchases of grain, according to yesterday's Economic Information Daily.

The money will pay for the new higher grain prices being offered to farmers and makes good the government's promise to halt the practice of paying peasants with IOUs.

The grain transport and storage project is being funded by \$490 million World-Bank loan, approved last year and a \$500 million investment from central and local governments here.

The scheme, which will take a projected six years to complete, will build grain terminals at ports, new storehouses and will upgrade old silos.

Lots of grain trucks will also be provided by the project.

Solid progress is being made on the scheme, according to officials.

"But there is still a big gap between supply and demand in the grain storage business, with about 4 percent of old barns outliving their usefulness each year," the ministry said.

East Region

Fujian Sees Increase in Foreign Companies

OW1007001494 Beijing XINHUA in English 1420
GMT 9 Jul 94

[Text] Fuzhou, July 9 (XINHUA)—The Rongqiao Economic and Technological Development Zone in Fuqing, Fujian Province, has approved the establishment of 150 foreign-funded companies since its establishment in 1987.

An official of the zone administration said that these companies involve a total investment of 730 million U.S. dollars.

The official said that enterprises in the zone manufactured 1.5 billion yuan-worth of goods and exported 100 million U.S. dollars-worth of products in the first five months of 1994.

He said that the zone's industrial output value is expected to total four billion yuan and its exports to reach 450 million U.S. dollars-worth in 1994.

Flexible policies are being pursued in the zone to encourage investors from other parts of China and the rest of the world.

The zone has now been expanded to 28 sq km from seven sq km, he said.

With the approval of the State Council, China's highest governing body, the zone has become one of the three official economic and technological development zones in Fujian Province.

The zone has undertaken 11 high-tech projects involving an investment of at least 10 million dollars each, the official said.

He said that the Guanwang Chemical Fiber (Fujian) Company in the zone, to be built at a cost of 100 million U.S. dollars in the first phase of construction, will be the largest wholly foreign-funded firm in China's chemical fiber textile and printing industry.

The Guanjie Electronics Company, another foreign-funded business in the zone, manufactured 700,000 computer monitors in 1993, valued at 250 million U.S. dollars. The company also earned 100 million U.S. dollars from the export of such monitors last year.

The official revealed that the output value of foreign-funded companies in the zone amounted to 2.72 billion yuan in 1993, about half of the city's combined value of industrial and agricultural production.

Song Ping Inspects Southern Jiangsu Province

OW0907094394 Beijing XINHUA Domestic Service in Chinese 0830 GMT 8 Jul 94

[Text] Nanjing, 8 Jul (XINHUA)—Accompanied by Jiangsu CPC Committee Secretary Chen Huanyou and Deputy Secretary Cao Keming, Song Ping recently inspected nine counties (cities), including Wuxi, Changzhou, and Suzhou.

Song Ping praised the rapid development of local economies and major achievements and experience gained in reform and opening up, concentrating on the coordinated growth of primary, secondary, and tertiary industries in developing the economy; developing a rural economy with the collective economy as the main body and common prosperity as the target and supported by village and town enterprises; utilizing foreign capital, paying attention to enterprises' technical innovation, upgrading products, improving quality, and raising economic efficiency in developing industry; and better building the party's grass-roots organizations, persisting in achieving material progress and fostering an advanced culture and ideology at the same time, and promoting the all-around development of various undertakings.

Jiangxi Secretary Addresses Economic Meeting

HK1107090794 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 10 Jul 94

[Excerpts] On 8 and 9 July the provincial party committee and provincial government held a meeting in Nanchang attended by prefectural and city party committee secretaries and government heads of the whole province to relay the spirit of the national educational work conference, intensively analyze and consider the current economic situation of this province, and arrange economic work in the second half of this year. The meeting required party committees and governments in all localities to lead the masses and the cadres to further consolidate and develop the good situation, work vigorously and make new progress around the general tasks of reform, development, and stability; and to fulfill and overfulfill tasks in this province's social and economic development by making down-to-earth efforts.

Those attending the meeting included members of the standing committee of the provincial party committee, vice governors of the provincial government, members of the party leading group in the provincial government, deputy secretaries of the party leading groups in the provincial people's congress and the provincial committee of the Chinese People's Political Consultative Conference, party committee secretaries of all prefectures and cities, heads of all prefectural and city governments, and principal leaders of all provincial departments.

On the morning of 8 July, the meeting was presided over by Mao Zhiyong, secretary of the provincial party committee. Zhu Zhihong and Lu Xiuzhen, deputy secretaries of the provincial party committee, separately relayed the

speeches by General Secretary Jiang Zemin and Premier Li Peng at the national educational work conference. Vice Governor Huang Maoheng of the provincial government relayed the main spirit of the national educational work conference. [passage omitted]

On the morning of 8 July, Wu Guanzheng, deputy secretary of the provincial party committee and provincial governor, gave a speech on the current economic situation in this province and the economic work in the second half of this year. On the afternoon of 9 July, the meeting was presided over by Wu Guanzheng, and Mao Zhiyong gave a speech. Zhu Zhihong gave a briefing on relevant events. Mao Zhiyong said: In the past months of this year, the whole province, from top to bottom, worked conscientiously in all aspects around the general tasks of the whole party and the whole nation. The economic and political situation was good. Of course, we should also soberly note that along with the development of our work and the changes in the objective conditions, we are facing new conditions and new problems in various aspects. In order to resolve the existing contradictions and problems and to further consolidate and develop the good situation, we still have to do down-to-earth work in all fields closely around the general tasks of reform, development, and stability. According to the present situation of this province, in order to properly assess and control the situation and to fulfill the major tasks around the general tasks, we should pay special attention to the following points when giving guidance to the work: It is necessary to have greater determination to handle the economic work well and to ensure the realization of four increases and one stability. That is, first, when suffering serious natural disasters, we must still ensure increases in agricultural production and in peasants' income; second, we should pay close attention to the market, overcome the shortage of funds, and strive to increase the economic efficiency of the industry; third, when facing many new factors that may increase expenditure, we must strive to increase financial revenue; fourth, we should stress the maintenance of the momentum of economic growth and try by every possible means to increase input; fifth, we should advance reform while ensuring stability, and ensure economic and social stability through reform. More attention should be paid to protecting and arousing the work enthusiasm of the masses and solving the salient problems that the masses are concerned about. When inspecting Fujian Province recently, General Secretary Jiang stressed the importance of agriculture as the foundation of the national economy, and pointed out that the development of agriculture should rely on protection and guidance in addition to correct policies, advanced technology, and necessary input. This is of universal guiding significance not only for the agriculture work but also for our work in all fields. [passage omitted]

In his speech on the morning of 8 July, Wu Guanzheng first analyzed the economic situation of the province in the first half of this year. He said: Because the whole province, from top to bottom, conscientiously carried

out the spirit of the 14th party congress and the Third Plenary Session of the 14th CPC Central Committee and worked closely around the fulfillment of the general tasks of the whole party and the whole nation with stress being laid on the two key points of increasing agricultural production and improving the operation of the state-owned enterprises, in the first half of this year various reform measures were smoothly put into practice. The economic situation as a whole maintained a good developmental tendency. It is anticipated that the gross domestic product will have increased by 18-20 percent over the same period of last year. However, in the first half this year, this province suffered serious natural disasters. With the help and support of the party central leading body and the State Council, the work of relieving the people in stricken areas, organizing self-salvation and production, and rebuilding homes is making rapid progress. The livelihood of the people in stricken areas has been basically guaranteed. When talking about the work in the second half of this year, Wu Guanzheng said: Whether this year's objective of reform and development can be achieved smoothly is of great significance for the across-the-board fulfillment of the Eighth Five-Year Plan. We must boost our morale, maintain a firm determination, brave the difficulties, and strive to fulfill and overfulfill all the tasks in economic and social development we laid down at the beginning of the year. First, we must try by every possible means to reap good harvests in agricultural production and to increase peasants' incomes. The pressing task in the aspect of agriculture is to rapidly organize and carry out self-salvation production and overcome the feelings of fearing difficulties and losing confidence after suffering natural disasters and the idea of relying on assistance and subsidies from the higher authorities. Local governments at all levels should more effectively protect and regulate agricultural production, give more effective guidance and service to agriculture, and further arouse peasants' work enthusiasm. Second, economic development should be based on agriculture and make breakthroughs in industry. Industrial development should be based on the enhancement of economic efficiency and increases in the lasting momentum of growth. Third, great efforts should be made to advance infrastructural construction and introduce more external investment. Fourth, further broaden the market and stabilize prices. Fifth, persist in using both hands to grasp the work at all times with both hands being tough. [passage omitted]

Shandong Secretary Views Party Building

SK0907175694 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 8 Jul 94

[Text] From 7 to 8 July, Jiang Chunyun, secretary of the provincial party committee, made investigation and study tours in the rural areas of Zhangqiu city, during which he stressed: Under the new situation in which the reform has been deepened, the opening up has been expanded, and the socialist market economy has achieved prosperous development, it is particularly necessary to uphold the principle of applying Comrade

Deng Xiaoping's theory of building socialism with Chinese characteristics to arming the entire party. Efforts should be made to enhance the construction of party organizations at grass-roots levels in the fields of ideology, organization, work style, and systems so as to strengthen the cohesion, attraction, and fighting force of party organizations and to ensure the overall implementation of tasks for reform, development, and stability.

When crops in the fields are full of vigor after the rainfall, Jiang Chunyun accompanied by Han Yuqun, member of the provincial party standing committee and director of the provincial united front work department; and Xie Yutang, secretary of Jinan city party committee and mayor of the city; came to the rural areas of Zhangqiu to carry out investigation and study on 7 July by braving the intense heat of summer and simplifying their travel means and escorts. Over the past two days they have successively visited the villages of Xiangshan, Xiushui, and Puxi, as well as some households of party members and peasants. They have practically conducted inspection over the industrial and commercial enterprises run by villages and over the places where party members often carry out their activities. They have also held forums separately with party-member cadres of cities, townships, and villages as well as the representatives of some party members, in which they have explored the issue of how to successfully conduct party building at grass-roots levels.

During his investigation and study tours, Jiang Chunyun summarized the experience gained by Zhangqiu city; analyzed the situation prevailing in these areas; and put forward demands for the province's work of party building. He stressed: Party committees at all levels should uphold the principle of having the party run its own affairs; truly put the work of party building on the important daily schedule of party committee; grasp the work by regarding it as a first important task, and truly achieve in that the more they conduct reform and opening up and develop the market economy and the more they should attach great importance on party building and bring into play the fighting-force role of party organizations and the model-vanguard role of party members. Only by so doing can they obtain the initiative in conducting every work, ensure the increasing prosperity and development of socialist undertakings, and consolidate the leading and ruling positions of the party.

As for the relationship between the party building work and economic construction, Jiang Chunyun pointed out: the economy poses as a center and party building as a guarantee. Both of them are mutually conditional and supplement each other. In conducting the party building work, it is imperative to know well a guiding ideology that is to grasp party building in line with the economy and to make success in party building to promote the economy. Economic construction requires definite target and demand and so does party building. Both targets in the two fields should be implemented in a down-to-earth manner.

In citing the enhancement of the party building work and particularly the specific contents of building party organizations at grass-roots levels, Jiang Chunyun demanded that first of all we must attach great importance to ideological construction. Efforts should be made to uphold the principle of applying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arming the entire party. Meanwhile, we should study the basic knowledge of the market economy and the knowledge of science, culture, politics, and law so as to upgrade the capability of keeping the market economy well in mind. Jiang Chunyun emphatically pointed out: In enhancing the party's organizational construction, it is particularly necessary to do a good job in selecting the secretary, a vanguard, of party branch. Meanwhile, a good job should be done in readjusting the party branches and making arrangements for the establishment and allocation of party groups in line with the new changes of economic development. As for the party members who have been transferred to the enterprises of secondary and tertiary industries, we should enhance the organizational management over them and attention should be also paid to developing new party members and recruiting in a timely manner all outstanding elements in conformity with the standards of party members so as to aid new blood to the party.

In citing the work style of party organizations, Jiang Chunyun said: We should extensively conduct education on the party's fine tradition, the party's purpose, the party's spirit of arduous pioneering and selfless contribution among the party organizations and cadres at grass-roots levels. Efforts should be made to encourage the broad masses of party members and cadres to actively play a vanguard and model role, to breathe the same air and share the same fate with the mass, and to keep the flesh-blood relation with them. We should also unite with and lead the vast number of people to continuously create new glories in conducting the great cause of reform, opening up, and modernizations.

Shandong To Confiscate Illegally Owned Firearms

*SK1007073994 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 9 Jul 94*

[Text] The provincial party committee and the provincial people's government jointly sponsored an emergency telephone conference at the provincial public security department on 9 July, urging party committees and governments at all levels as well as various concerned departments to immediately go into action to resolutely and thoroughly manage and confiscate all illegally-owned firearms so as to eliminate public security disasters.

Sun Shuyi, member of the provincial party standing committee and secretary of the provincial commission on politics and law, attended and addressed the telephone conference. In his speech he pointed out: Firearms and ammunition are dangerous items under strict state control, therefore it is constantly imperative to uphold

the principle of conducting strict management and control over them. Over the past years, Shandong Province has done a great deal of work in enhancing management over firearms and in confiscating illegally-owned firearms. However, the work in this regard has not been carried out thoroughly. There is still a considerably large number of illegally-owned firearms across the province. Specific localities and departments are still manufacturing, selling, and trafficking in firearms, going so far as to violate the relevant laws and regulations. Some have bought and carried firearms by violating the law. Such firearms scattered throughout society have become an extremely immense hidden danger for public security. During the January-May period of this year, the province suffered 37 crimes committed with a firearm, a 37-percent increase over the same period in 1993. Socialist China must on no account allow such a phenomenon.

In his speech Sun Shuyi stressed: In conducting the work of managing and confiscating illegally-owned firearms across the province, we should first carry out our work strictly; second, we should adopt rapid measures for such work; and third, we should complete the work thoroughly. We should impose a fixed date on units illegally selling firearms to take back those firearms which they sold, and on personnel illegally carrying a firearm to surrender their arms. Those who refuse to hand over their firearms should be punished in line with the law.

Shanghai's Huang Ju Returns From Visit

OW0907105994 Shanghai People's Radio Network in Mandarin 2300 GMT 8 Jul 94

[From the "990 Morning News" program]

[Text] The temperature in the "hot stove" of Nanjing was over 38 degrees Celsius yesterday [8 July].

On their way back to Shanghai from Hubei, Hunan, Jiangxi, and Anhui, Mayor Huang Ju and his party went to Meishan, in scorching heat, to greet workers devoted to production and construction in a superhot climate.

Huang Ju visited the construction site of the (?Rezhan) plant to learn about the progress of the project and to extend his greetings to the workers. Later, he visited an ironworks and faced sizzling heat to shake hands with workers, saying "You have been working hard!" twice and "I hope that everyone pays attention to safety and takes good care of himself."

Shanghai Reports Rising Industrial Production

OW1007001594 Beijing XINHUA in English 1414 GMT 9 Jul 94

[Text] Shanghai, July 9 (XINHUA)—This largest city in China scored a steady increase in industrial production and economic returns in the first half of 1994, according to municipal government statistics.

An official of the local statistics bureau said that the output value of the city's manufacturing industry amounted to 188.35 billion yuan during that period, up 15 percent over the same period of 1993.

The official said, "Industrial production has shown a tendency toward steady monthly increases."

The production of state-owned manufacturers has continued to grow, he added.

These manufacturers turned out 136 billion yuan-worth of goods in the first half of 1994, some 69 percent of the city's total industrial output value, he said.

Local manufacturers produced a combined value of 23 billion yuan-worth of exports during that period, up 46 percent.

"Economic returns of local manufacturers have improved since the beginning of this year," he said.

The total profits of these manufacturers shot up nearly 24 percent during the January-May period to 9.68 billion yuan, he said.

The city's manufacturing sector is expected to achieve a 15-percent increase in terms of output value for the whole of 1994, he said.

State Industries 'Mainstay' of Shanghai's Economy

OW0907090094 Beijing XINHUA in English 0714 GMT 9 Jul 94

[Text] Shanghai, July 9 (XINHUA)—State industry remains the mainstay of the economy of China's largest economic center, Vice-Mayor of Shanghai Jiang Yiren said.

"It is still playing a decisive role in the municipality's economic development," he added.

Shanghai's industrial output value accounted for 60 percent of the municipal product last year; its taxation on the sales of industrial goods accounted for 70.8 percent of the city's revenue; and its exports accounted for 61.9 percent of the city's total.

The output value, profits and exports of the state assets of Shanghai's industry occupy at least two-thirds of the total of the city's industry.

According to the vice-mayor, the structure of industrial ownership has changed greatly since China began its national reform and opening further to the outside world in the 1980's.

At present, Shanghai has 1,247 Sino-foreign joint ventures with the government holding a larger proportion of shares and 44 joint stock enterprises.

Shanghai's industries increased rapidly during the 1991-93 period. In the first half of this year its industrial

output value rose by 17 percent, the sales value by 15 percent, and the value of export goods by 46 percent over the same period last year.

The first five months of this year saw industries deliver 18 percent more in taxes and profits to the state.

The vice-mayor attributed the good results to technical transformation of state enterprises over the past few years.

Shanghai Expands Inspection of Imported Goods

OW1007135294 Beijing XINHUA in English 1253 GMT 10 Jul 94

[Text] Shanghai, July 10 (XINHUA)—The Shanghai administration for the inspection of import and export commodities has widened its scope to ensure the quality of imported goods.

According to Zhao Guojun, director of the administration, the Shanghai port imported 7.459 billion U.S. dollars-worth of goods in the first half of this year, an increase of 28.1 percent over the same period of last year.

The administration has expanded its inspection of commodities involving grain, edible oil, sugar, chemical, farm chemical, rubber, plastics, minerals, timber and motor vehicles.

Meanwhile, the administration has worked out a regulation concerning the inspection of equipment imported with foreign funds and helps foreign-related enterprises to appraise their assets.

Shanghai Reports Execution of Salesman for Embezzlement

OW0907110094 Shanghai People's Radio Network in Mandarin 2300 GMT 8 Jul 94

[From the "990 Morning News" program]

[Text] In accordance with the execution order of the Supreme People's Court, the Shanghai Municipal Intermediate Court executed the embezzler (Ni Desheng) by shooting on 7 July. (Ni Desheng), a former salesman for the Yuandong refrigerator plant, embezzled payments for goods worth some 160,000 yuan by not entering sales items in his accounts from August 1991 to July 1992.

Central-South Region

'Senior' Official on Guangdong's Economic Role

OW1107020094 Beijing XINHUA in English 0121 GMT 11 Jul 94

[Text] Guangzhou July 11 (XINHUA)—Southern China's Guangdong Province will play its due roles in the country's transition to a socialist market economy, a senior government official said here today.

The province's gross domestic product last year reached 314 billion yuan (about 36 billion U.S. dollars), accounting for one-tenth of the country's total.

It also leads the country in exporting products and attracting foreign investment, advanced technology and management.

So far, 33 billion U.S. dollars of foreign funds have flown into the province, equal to one-fifth of the total foreign investment in the rest of the mainland.

Its export volume has been leading the country for eight consecutive years. Its exports last year accounted for 20.86 percent of the country's total.

Since the late 1970s, Guangdong has been pioneering China's economic reforms in such fields as investment, labor contract system and land-use. Many of the measures which have proved successful in Guangdong have been applied to other areas.

In this way the economic ties between Guangdong and other places have been enhanced. Incomplete statistics show that investors outside the province have started more than 10,000 solely-funded or joint ventures here. The output value of such ventures in Shenzhen, Zhuhai and Huizhou cities may account for up to one-third of their industrial output.

At the same time, extra funds and advanced technology and management are flowing from Guangdong to other areas. So far, the Shenzhen Special Economic Zone has invested some five billion yuan in more than 500 projects in other parts of China.

In recent years some township enterprises in the economically strong Pearl River delta area are also aiming at cooperative projects in inland areas.

It is estimated that Guangdong has invested 2.5 billion yuan in Sichuan alone, the most populous province in southwest China.

Guangzhou To Sell 30 State-Owned Enterprises

HK0807122294 Beijing CHINA DAILY in English 8 Jul 94 p 2

[By Li Zhuoyan: "State Firms Put on Sale"]

[Text] Guangzhou—The capital city of Guangdong Province plans to sell 30 state-owned industrial firms to foreign enterprises.

"This is another significant step to attract foreign investors after our Economic Trade Fair held last month in New York and Los Angeles," said Li Ziliu, Mayor of Guangzhou.

Business talks are underway at Guangzhou's annual Lychee Festival. Fruit festivals are often used to launch new business ventures and encourage local and foreign investment.

The deal would include some of the city's major firms such as the Five Rams Bicycle Industry Corporation and Huanan Sewing Equipment Group Company.

Guangdong High-Tech Industry Sees Rapid Growth

OW0907022994 Beijing XINHUA in English 0208 GMT 9 Jul 94

[Text] Guangzhou, July 9 (XINHUA)—By the end of 1995, Guangdong Province will set up 10 new and high technology enterprise groups with most of them planned on the Pearl river delta, according to vice-governor of the province, Lu Zhonghe.

The Guangdong Provincial Government stipulated that the annual output value of the enterprise groups should reach over 500 million yuan each.

Now Guangdong has 30 high-tech enterprises whose annual output value is more than 200 million yuan each.

Last year, the total output value of the new and high technology enterprises in Guangdong reached 20 billion yuan.

Liang Xiang, director of Guangdong Provincial Science and Technology Commission, said that the establishment of new and high technology enterprise groups is a strategic choice for Guangdong to develop high technology.

He said that the conditions and basis are sound for Guangdong to develop the groups.

Guangdong has six state-approved new and high technology development zones and three province-approved zones of the kind. About 20.9 square kilometers in the zones have been developed and now there are about 1,160 enterprises in the zones.

Last year, the output value of the new and high technological products reached about 3 billion yuan in the zones.

Since 1988, Guangdong has completed more than 500 high technology development programs, with more than 70 percent on the Pearl River Delta.

Hainan's Efforts To Upgrade Market Reform Viewed

OW0907015594 Beijing XINHUA in English 0127 GMT 9 Jul 94

["Roundup": "Hainan To Upgrade Market Economic Reform"]

[Text] Haikou, July 9 (XINHUA)—Hainan, China's largest Special Economic Zone (SEZ), is gearing up for new vitality as the opening drive has extended from a few coastal provinces to spread across the country.

As one of the five SEZ's open to foreign investment along with Shenzhen, Zhuhai and Shantou in Guangdong Province and Xiamen in Fujian Province, Hainan Province is hailed as one of China's pioneers in market economic reform.

In a bid to build the backward island into an economic power by experimenting with the market economy, Hainan Province produced 20.4 billion yuan in 1993 alone in gross domestic product (GDP), which doubled the amount in 1987 before the SEZ was established.

With the opening drive extending to the entire country and the central government instituting the macro-economic readjustment policy since late 1992 to cool down the economy, preferential policies which used to be special for the SEZs are also being enjoyed elsewhere.

However, officials here noted that Hainan Province is still a window in China's opening drive and an experimental field in China's market economic reform.

To step up the economic development, Hainan has pushed ahead with the transformation of standard shareholding enterprises and relaxed limitations on the licensing of new enterprises.

The island is the first Chinese province to introduce international standardized taxation instead of relying on each individual tax official to be responsible for tax collection in a number of enterprises or firms, a practice deemed as the root of corruption among tax officials.

Meanwhile, the SEZ initiated China's exchange of property rights and holding of each other's corporate shares among enterprises.

The move, as described by Chi Fulin, vice-president of Hainan Academy of Reform and Development Research, makes Hainan more competitive today in market economic reform. "We are confident that the SEZ can retain the role as the pioneer of China's reform and opening drive," he said.

Another initiative for the SEZ to maintain the momentum of rapid economic development is to draft laws and regulations to pave the way for fair competition among domestic and overseas investors. The province drafted about 18 provincial laws and regulations in 1993 alone.

These, in all, make Hainan an appealing place for both domestic and overseas investment. In the first three months of this year alone, the amount of overseas investment jumped by 34.5 percent over the same period last year.

By now, the construction of an oil refining plant solely owned by an overseas investor, with a total investment of two billion U.S. dollars, is in full swing; a much larger plant of the same kind is being planned; a large chemical fertilizer production project with about 155 million U.S. dollars in preferential loans from Japan will go under construction soon.

With abundant land and minerals, ocean and tropical and sub-tropical resources, and tourism facilities, Hainan is busy mapping out more appealing policies to attract more overseas investment.

"The natural resources of Hainan are evident," said Ruan Chongwu, governor of Hainan. "But the biggest advantage for Hainan rests in its favorable economic structure. Nowhere else in China can match Hainan for the breadth of the market economy," he said.

Hunan Secretary on Training Competent Cadres

HK1107070094 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 6 Jul 94

[Text] A meeting to celebrate the 10th founding anniversary of the Hunan Provincial Social and Economic System Engineering Study Session and to mark the graduation of students of the 10th Social and Economic System Engineering Study Session for leading cadres of our province, was held yesterday [6 July] at the University of Science and Technology for National Defense. Provincial party and government leaders Wang Maolin, Yang Zhengwu, Luo Haifan, Zhao Peiyi, and Pan Guiyu, as well as old cadre Yin Changmin attended the ceremony.

At the graduation ceremony, Secretary Wang Maolin made a speech entitled: Increase governing ability, raise the level of governing, train and bring up a contingent of cadres who are in keeping with the socialist market economy.

Speaking about how to raise cadres' level of training and education, Comrade Wang Maolin emphasized: We should regard the training of cadres as a basic construction project so that the cadres trained and reserved for this century and the next will have the ability to control the market economy and to participate in international competition. We should stand at a strategical level and formulate strategic measures for the development of competent personnel for Hunan in the run-up to the 21st century. We should study the laws on how cadres mature and on how to train competent personnel, and should explore a new way to educate and train cadres who can meet the needs of the socialist market economy.

North Region

Beijing Municipality Officials Sent To Help Poor Farmers

OW0907023194 Beijing XINHUA in English 0217 GMT 9 Jul 94

[Text] Beijing, July 9 (XINHUA)—More than 1,200 officials from the Agricultural Administrations of the Beijing Municipality and its districts and counties were sent today to poor villages in 60 townships in the suburbs of the city to help them become well-off.

These officials are assigned to work for three years in the villages, which are home to about 400,000 farmers in all.

They will not only help these villages establish industrial projects but also educate the farmers about the commodity economy.

Beijing has designed an overall program to become well-off by 1997, meaning that the average income per capita in these comparatively backward townships should exceed 1,600 yuan.

Inner Mongolia Township Enterprises Results Reported

SK1107072794 Hohhot NEIMENGGU RIBAO in Chinese 25 Jun 94 p 1

[Summary] Inner Mongolia Autonomous Region has achieved rapid development in establishing township enterprises that have also scored marked achievements in both production and business. Over the past 10 years, the region has established more than 427,000 township enterprises of various categories, which have accommodated 1.45 million peasants and herdsmen of various nationalities. The total output value scored by township enterprises in 1993 reached more than 20 billion yuan that accounted for 55 percent in the total product of rural and pastoral societies. Of the total output value, that of industrial enterprises accounted for 21 percent in the total industrial output value of the region as a whole. At present, the total output value of township enterprises in 53 banners and counties (county-level cities and districts) as well as in 39 townships and towns (sumus) reaches 100 million yuan; and the total output value of 150 administrative villages reaches more than 10 million yuan. Of these villages, the output value of seven villages reaches more than 100 million yuan and that of 60 enterprises in them reaches more than 10 million yuan. The funds of 5.6 billion yuan are being offered by township enterprises for profits and taxes handed over to the state, for the wages bill of staff members and workers, and for supporting the development of various undertakings in rural and pastoral areas. The per peasant and herdsman net income earned from township enterprises reaches 193 yuan.

During the period from January to May this year, the total output value of township enterprises reached 10.287 billion yuan and showed a 116.6 percent increase over the same period of 1993.

Shanxi Governor Explains Major Enterprise Reform

HK1107105794 Hong Kong WEN WEI PO in Chinese 18 Jun 94 p A2

[By staff reporters Lao Hung-kai (0525 7703 6946) and Yang Fan (2799 1581) and trainee reporter Chang Chun (1728 6511): "Shanxi Province Strives To Reform Major Enterprises"]

[Text] Taiyuan 15 Jun (WEN WEI PO)—Shanxi Governor Sun Wensheng emphasized that, based on the reality that Shanxi is China's base of energy resources and heavy and chemical industries, from now on, efforts will be focused on reform of state-owned industrial enterprises, supporting 33 enterprises in improving management, and promoting 19 enterprises to transit toward a modern enterprise system. The governor made the above statement in an interview with these reporters today. He added that efforts will be made to increase peasants' per capita annual income by 100 yuan this year and he will go all out during his tenure to elevate Shanxi's position in the country with regards to per capita income.

Sun Wensheng said Shanxi is China's base of energy resources and heavy and chemical industries. Affected by the planned economy, state-owned industrial enterprises which have a bearing on the province's economy are facing lots of difficulties. It is very urgent that energies be focused on reforming state-owned enterprises to maintain social stability and reinvigorate Shanxi's economy. He said: "In the 2,600 state-owned enterprises, there are 61 provincial-level ones, of which 19 enjoy comparatively sound economic returns. We are promoting their transit to a modern enterprise system. Some 33 enterprises have operational difficulties and the provincial government has to give them support to improve their operational conditions. Nine enterprises will implement the 'Bankruptcy Law.'"

While doing a good job with large and medium state-owned enterprises, Shanxi will take an active part in developing the economic factors of diversified ownership. Generally, no more investment will be made in state-owned enterprises at and below the county level from now on. In the bulk of impoverished counties, townships, towns, and villages, cooperative and self-employed economies and the private sector economy are to be developed in the main. Some retail and catering businesses, service trades, repair services, and small processing industries will be run by cooperatives, self-employed businesses, and privately owned firms in the main.

Governor Sun said that, to find a solution to Shanxi's insufficient coal transportation, the provincial party committee and government set out the change coal transport by attaching equal importance to coal transport and power export, while laying greater stress on the strategy of developing energy resources for power exports, by focusing efforts on building many large power plants close to the coal mines, converting coal to power on the spot. Aside from meeting Shanxi's own demand, large amounts of power will be transmitted to Jiangsu, Shanghai, Beijing, Tianjin, and Hebei. It has been disclosed that talks regarding building the Yangcheng Power Plant in cooperation with the U.S. AS [expansion unknown] Company, state power department, Shanxi Provincial Energy Resources Corporation, and the Shanxi Provincial Power Administration are under way.

Governor Sun told these reporters that, since 1991, Shanxi has markedly stepped up the pace of utilizing foreign capital. In 1993 alone, 660 projects with foreign investment were approved, involving a negotiated sum of \$400 million, exceeding the total for the previous nine years in both the number of projects approved and the sum of foreign investment involved. Today, the sources of foreign capital have expanded from Hong Kong and Taiwan to the United States, Germany, and other regions.

To absorb more foreign capital, Shanxi will adopt a series of measures to improve the investment climate. For example, a huge sum will be spent to transform Taiyuan Airport so that it can meet the requirements for opening to the world; the waiting room at Taiyuan Railroad Station is to be transformed; building of the Taiyuan-Shijiazhuang expressway, which will eventually lead to Beijing is under way; and a number of modern hotels are under construction or are soon to become operational in various large and medium cities in Shanxi. Sun Wensheng believes that the improvement in infrastructure will make it far easier for foreign businessmen to come to Shanxi to make investment.

Sun Wensheng said that the province regards the improvement in its industrial set up as important work. It will utilize Shanxi's long historical culture and rich tourist resources to develop the tourist industry in a big way, thus promoting and nurturing the renovation of the third industry to realize improvement of Shanxi's industrial setup.

The governor paid great attention to the comparatively wide gap between the haves and the have-nots and said that efforts would be made to increase peasants' per capita annual income by 100 yuan this year and, during his tenure, he would strive to elevate Shanxi's position in China regarding per capita income.

Tianjin Secretary Discusses Anticorruption Work

SK0907152594 *Tianjin People's Radio in Mandarin*
2300 GMT 8 Jul 94

[Text] The municipal party committee and the municipal people's government jointly sponsored a meeting in the Beijing Opera House of Tianjin Auditorium on the morning of 8 July with the participation of leading cadres from various districts, counties, and bureaus.

The meeting is aimed at deeply implementing the spirit of series directives issued by the CPC Central Committee and the State Council with regard to the anticorruption struggle and summarizing the work done in the former period of the struggle.

It was stressed at the meeting that efforts should be made to further deepen the understanding; to enhance the leadership; and to successfully grasp the implementation of the work so as to promote the municipal struggle to

achieve deep-going, steady, and more effective development and to fulfill the periodical target of the municipal struggle against corruptions.

Gao Dezhan, secretary of the municipal party committee, attended the meeting and delivered an important speech. Zhang Lichang, deputy secretary of the municipal party committee and mayor of the municipality, presided over the meeting. Liu Fengyan, member of the municipal party committee and secretary of the municipal discipline inspection commission, delivered a report on the work done in the former period of the struggle against corruptions, in which he also put forward demands for the struggle in next period.

Attending the meeting were Li Jianguo, deputy secretary of the municipal party committee; Nie Bichu, chairman of the municipal people's congress standing committee; Liu Jinfeng, chairman of the municipal Chinese People's Political Consultative Conference committee; and veteran comrades, including Zhang Zaiwang, Wu Zhen, and Yang Huijie.

Gao Dezhan, secretary of the municipal party committee, said in his speech: Party committees, governments, and the organs of discipline inspection, supervision, and judiciary at all levels across the municipality achieved new development in the anticorruption struggle in the former period by implementing based on consolidating the results scored in 1993 the arrangements made by the CPC Central Committee and the State Council, the spirit of the third plenary of the Central Discipline Inspection Committee, and the arrangements and demands set by the municipal party committee and the municipal people's government. Tasks for the municipal struggle in the second half of this year are very heavy and the difficulties of the work are also large. According to the overall arrangements made by the central authorities and the spirit of their recent directives, we will continuously uphold in the second half the principle of regarding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as a guidance as well as of regarding the economic construction as a center. We will have the anticorruption struggle achieve deep-going, steady, and more effective development. In the near future, we should reinforce the dynamics of handling cases and concentrate our efforts on investigating and handling the serious and appalling cases of economic crimes. We must score marked achievements in the struggle in the second half and particularly in the third quarter. Meanwhile, we must make all-out efforts to successfully grasp the work to encourage leading cadres to build administrative honesty, to become self-disciplined, and to correct the malpractice. Party committees and governments at all levels must regard as before the anticorruption struggle as an important task, further enhance their leadership over the struggle, further and vigorously grasp the implementation of the work set for the struggle, and have the municipal struggle score new results step by step.

In his speech Gao Dezhan urged party committees and governments at all levels to resolutely and realistically enhance their leadership over the struggle. By no means should they slacken their efforts or neglect the anticorruption work on the pretext of being busy in other work. The principal leading personnel of party and government organs at all levels should be totally responsible for the activities of their own locality, department, and unit in building administrative honesty and improving the work style. They should achieve in the practice of having units at each level be responsible for the activities of their subordinate units and having the activities be carried out at all levels. Efforts should be made to strictly enforce the system under which leading personnel hold responsibility for the attainment of certain objectives in the anticorruption struggle and in building administrative honesty. We should also gradually establish the effective mechanism of work to combat corruptions and encourage honesty and achieve in conducting the work in a frequent manner and in systemizing the work. A good job should be done in conducting supervision and inspection over the anticorruption struggle.

Tianjin Port Increases Freight Handling

OW0907085294 Beijing XINHUA in English 0733
GMT 9 Jul 94

[Text] Tianjin, July 9 (XINHUA)—The import and export value through Tianjin port has topped 7 billion U.S. dollars in the first half of the year, a 36 percent increase over the same period last year, according to statistics from the Tianjin customs office.

A Tianjin customs official attributed the increase of foreign trade to the reform of customs procedures, which has made it quicker and more convenient to pass the customs posts.

Tianjin is taking an increasing role as an exit to the sea for north China provinces and some provinces in the south.

The top five trading partners of Tianjin are Japan, the United States, Hong Kong, South Korea and Germany, in which South Korea and Germany have the highest increase rate—85 and 67 percent respectively.

Concerning the import commodities, the imports of telephone exchange equipment and metal processing machines have increased, while special machinery and automobile imports have decreased from last year.

In the meantime, exports of clothing, carpets, shoes, grain, coke and machinery have increased.

Another reason for the increase of foreign trade through Tianjin port is the development of foreign-funded enterprises due to the improvement of the investment environment in Tianjin.

In the first half of the year, imports and exports for foreign-funded enterprises reached a record value of 1.08 billion U.S. dollars, an 83 percent increase over the same period last year.

Northeast Region

Heilongjiang Reports Output of Daqing Oil Field

SK0907144994 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 8 Jul 94

[Text] In the first half of this year, Daqing Oil Field turned out 27,844,150 tonnes of crude oil, a 150,000-tonne increase over the same period of 1993. The oil field has continued its stable oil output over the past 18 years since its oil output of more than 50 million tonnes scored in 1976.

Liaoning Party Member Educational Meeting Ends

SK1107093594 Shenyang LIAONING RIBAO in Chinese 29 Jun 94 p 1

[By reporter Sun Desheng (1327 1795 3932): "Strengthen Educational Work of Party Members and Strengthen and Improve Party Leadership"]

[Text] The two-day provincial conference on educational work of party members ended on the afternoon of 28 June. Gu Jinchi, secretary of the provincial party committee, and Wang Huaiyuan, deputy secretary of the provincial party committee, gave important speeches respectively at the conference held on 28 June.

In his speech, Gu Jinchi said: The key to fulfilling the great historical task of building the socialist cause with Chinese characteristics is to build our party well. This is an important component of Comrade Deng Xiaoping's "theory on characteristics" and an important guiding ideology persistently upheld by the party Central Committee. The key to building the party well is to successfully build the leading bodies at all levels; and building the party's grass-roots organizations and the ranks of party members well is the basis for building the party. In this regard, we must keep a clear mind. We must see to it that the more we deepen reform and accelerate economic development the more we should attend to party building and strengthen and improve the party's leadership.

Gu Jinchi said: Over the past years, the party organizations at all levels across the province have conscientiously implemented the principle of making the party manage party affairs and carried out lots of effective work in strengthening the building of the party's grass-roots organizations and ranks of party members. The main trend of building grass-roots party organizations and the ranks of party members across the province is good. Their fighting strength has effectively guaranteed the implementation of the party's line, principles, and policies in the grass roots and promoted the sound

development of the whole province's reform, opening up, economic construction, and all other undertakings. Meanwhile, we should also recognize that we still have many weak links in building the grass-roots organizations and still cannot fully meet the needs of the development of situation and tasks and the quality of the ranks of party members still cannot fully meet the demands of developing the socialist market economy. Particularly, a small number of grass-roots party organizations are in a state of weakness and slackness and a few party members have become degenerate and gone bad, thus harming the party's image and weakening the party's cohesion, appeals, and fighting strength.

Gu Jinchi emphatically pointed out: The development of the new situation and new tasks of the socialist market economy has set forth new and higher demands on communist party members. These demands have mainly called on party members to pay great attention to the study of theory on building socialism with Chinese characteristics; unceasingly emancipate the mind and renew concepts to meet the needs of turning the planned economic system into the socialist market economic system; strive to acquire new knowledge and raise the work skills to meet the needs of the rapid development of modern science and technology; foster a correct value concept, uphold the purpose of serving the people, and promote the selfless and dedicated spirit to meet the needs of attaining the objective of common prosperity; inherit and promote the party's fine traditions and work style to meet the needs of launching a long-term and arduous struggle in carrying out the socialist construction cause; and take the lead in observing discipline and law and keeping themselves clean and self-disciplined to meet the needs of maintaining the party's purity. It is necessary to meet these demands when we conduct educational work among party members. He called on communist party members on all fronts to pay close attention to realizing the communist lofty objective, conscientiously do their own work well, do solid work in the course of establishing the socialist market economic system and realizing the second step of development strategic objective, quietly immerse oneself in hard work, start their work bit by bit, do practical things the people are in favor of, do difficult things to which the masses of people urgently need solution, do good things that make the people happy, and become vanguards and fighters in developing the socialist market economy.

In his speech, Wang Huaiyuan pointed out: Proceeding from Liaoning Province's situation, leading the people across the province to seize the opportunity, enhancing spirit, deepening reform, accelerating development, promoting Liaoning's economy to enter a new height, and smoothly realizing the strategic objective of the "second pioneering program" are the arduous historical tasks shouldered by the party organizations at all levels across the province. Our educational work of party members, the party's ideological construction, and the building of ranks of party members must be closely linked with this historical task and be carried out in close connection

with the central task of economic construction. Arming the broad masses of party members with the theory on building socialism with Chinese characteristics is a matter of prime importance in the educational work of party members and the urgent need of accelerating the pace of reform, opening up, and modernization and successfully carrying out Liaoning's "second pioneering program." Party committees at all levels should grasp the study and application of the theory on building socialism with Chinese characteristics as a major event in the educational work of party members, and leading cadres should take the lead in studying it well. The study central groups of party committees at all levels should realistically uphold the study system, unceasingly enhance quality, and play a leading role. We can judge the theoretical study of party-member cadres, particularly leading cadres, of a locality or a unit, whether good or bad, by seeing whether this locality or unit can enhance the consciousness of the broad masses of party members in implementing the party's basic line, emancipate thinking, seek truth from facts, carry out work creatively with a scientific way of thinking, and formulate development strategy that complies with its own characteristics on the basis of deepening understanding of its own specific situations and under the theoretical guidance, and whether it can unceasingly make tangible and new achievements in economic development and comprehensive social progress.

Wang Huaiyuan said: During the new historical period, only when communist party members, particularly party-member leading cadres, have a fairly high professional level can they assume leadership responsibility. First, they must strive to study and have a good grasp of the knowledge necessary for developing the socialist market economy and unceasingly enhance their ability to control the socialist market economy. At present, it is necessary to concentrate energy on studying the decisions of the third plenary session of the 14th party Central Committee, and a series of reform policies, measures, plans, laws, and regulations that were issued successively. Second, they must strive to study modern scientific and cultural knowledge, arm themselves with this knowledge, and enhance their skills in serving the people. He particularly stressed: Through this conference, we must further improve and strictly carry out the cadres study and training system, establish effective

mechanisms of supervision and restraints, attach importance to education, management, and application, combine these three tasks with the evaluation of cadres, and resolutely readjust cadres who are low in ability and are unwilling to learn.

Ending his speech, Wang Huaiyuan called on party committees at all levels to realistically strengthen leadership over the educational work of party members, and form a mechanism of restraints that each level should grasp and manage the work of the next level, so that there are systems, inspections, supervisions, and guidance for this work. Organizational departments, propaganda departments, discipline inspection commissions, and party schools of the party committees at all levels should work under the unified leadership of the party committees, voluntarily maintain close coordination with them, support one another, take concerted actions, and form a joint force.

Sun Qi, chairman of the provincial committee of the Chinese People's Political Consultative Conference; Shan Wen, Xu Wencai, Yu Junbo, and Gao Diancheng, members of the standing committee of the provincial party committee; and Yu Xiling, vice chairman of the provincial people's congress standing committee, attended the conference.

Liaoning's Information Industry Develops Quickly

OW0907091794 Beijing XINHUA in English 0643
GMT 9 Jul 94

[Text] Shenyang, July 9 (XINHUA)—The information industry has developed quickly these years in northeast China's Liaoning Province, one of China's largest heavy industrial bases.

By now, a complete information network connecting the provincial information center with the information stations in 14 cities and more than 20 counties has been built, involving a total investment of 20 million yuan.

Thousands of state-run and collectively-owned information organizations have been established in the province.

The province's information network has connections with more than 100 Chinese cities and information organizations in the United States, the Republic of Korea, Japan and the Commonwealth of Independent States.

A local official said that the information network, a part of the market economic system, plays an important role for the macro-control and economic administration.

White Paper on Cross-Straits Relations

HK0907042394 Taipei CHUNG KUO SHIH PAO in Chinese 6 Jul 94 pp 2, 10

[“Full Text” of “Explanation of Relations Across the Taiwan Straits”]

[Text] Editor's note: The Mainland Affairs Council of the Executive Yuan published an explanation of relations across the Taiwan Straits on 5 July. It is an important policy document on the mainland policy at the present stage released for the first time by the government ministries and commissions in charge. It explains the basic position of government departments on the question of the unification of the country and commands great attention from the two sides of the Taiwan Straits and the international community. The full text of the explanation is as follows: [end editor's note]

I. Introduction

Historically, many countries have experienced division and unification. The various dynasties in the previous generations of traditional China were divided at one time and united at another. Now, Modern China still cannot get out of this historical cycle. Since 1949, the Chinese people have lived in one of two societies with different ideologies and contrasting political, economic, and social systems on either side of the Taiwan Straits.

In order to end this confrontation and estrangement between the two sides and achieve a strong and prosperous nation, the government of the Republic of China [ROC] has, since 1987, adopted in a forward-looking, pragmatic, active, and steady attitude concrete measures in social, cultural, and economic areas to promote cross-Straits exchanges. In February 1991, by pooling together the wisdom of the government and the public, the government drew up the “Guidelines for National Reunification” in an attempt to form a national consensus for the advance toward the reunification of China.

The creation of conditions for reunification, however, depends on sincere cross-straits cooperation. Achieving reunification hinges on the concerted efforts of the two sides of the Taiwan Straits. In view of this, the ROC government has thought it necessary to give a detailed explanation of relations between the two sides of the Taiwan Straits to give people at home and abroad a deeper understanding of its thinking, standpoint, and actions regarding national unification, so that they can contribute their wisdom, work with one another, and make concerted efforts to build a democratic, free, strong, and prosperous China.

II. The Origins and Nature of the Division Between the Two Sides of the Taiwan Strait**1) The establishment of the ROC**

In the wake of the Opium War, many enlightened Chinese came to know the harm of the autocratic system and admitted that without independence and self-strengthening, without carrying out reforms for survival, and without practicing a democratic republic system, it would be impossible to invigorate the nation. Under the leadership of Dr. Sun Yat-sen and with the sacrifices and struggles of revolutionary martyrs, the ROC, the first democratic republic in Asia, was finally established in 1911.

In the early years of the ROC, China was extremely unstable, suffering from the partition of the country by warlords within and the bullying and humiliation inflicted by the great powers from without. In an effort to save China and turn it into a strong and prosperous country, Dr. Sun Yat-sen devised the Three People's Principles which combined the quintessence of Chinese and Western cultures and thought. His principle of nationalism aims at seeking China's independence and self-determination; his principle of democracy is to put into practice democratic politics; and his principle of the people's livelihood is to pursue a strong and prosperous nation and attempt to avoid the weaknesses of capitalism and communism, ending political revolution and social revolution in one go. The ideals of the Three People's Principles offered the correct answer to the question “whither China?” that had been asked ever since the Opium War.

2) The Budding and Development of Communism in China

However, the international and Chinese situations at that time also offered an opportunity for communism to bud and to expand its influence. In the eighth year of the Republic [min guo ba nian 3046 0948 0360 1628], the Bolshevik Party led by Lenin seized political power in the “October Revolution” and the Soviet Communist Party established the Third International to promote world revolution, and neighboring China was the first country to feel its impact. The same year, the May Fourth Movement occurred in Peking, which was to have a far-reaching influence on China. The “wholesale westernization” view arising from this movement afforded an opportunity for Marxism-Leninism to enter to China. In July 1921, a handful of leftist intellectuals established the Communist Party of China [CPC], which acted as a branch of the Third International. From then on, communism began to spread in Chinese territory. In 1924, under the influence of the Soviet Union, the Chinese Kuomintang Party [KMT], pursued the policy of “forming an alliance with Russia and containing communism,” and so the CPC had the opportunity to grow and expand within the Chinese KMT.

During the Northern Expedition, the CPC took advantage of the internal strife caused by the partition of the country under warlord regimes to foment large-scale peasant uprisings in Nanchang, Changsha, Haifeng and Lufeng, Guangzhou, and other places, directing its efforts from then on toward seizing power through

"armed struggle." In November 1931, the CPC established a "Chinese Soviet Republic" in Ruijin, Jiangxi, drawing up a "constitution" of its own and organizing a "provisional central government." Using "Soviet" as part of the national name showed that on the one hand it was an tool of the Moscow "proletariat motherland" and on the other hand it marked the beginning of the re-division of China.

In 1937, the July 7 Incident broke out, and the whole country rallied to resist the Japanese invaders. During the war against Japan, the CPC adopted the strategy of devoting "one-tenth of its strength to resisting Japan, two-tenths to coping with (the central government), and seven-tenths to strengthening itself," to greatly expand its bases and increase its military strength. After Japan's defeat, the CPC took the opportunity afforded by the exhaustion and fatigue of the Chinese people to launch an armed rebellion and swept across the entire Chinese mainland. In October 1949, the CPC established the "PRC" in Peking, and the ROC government transferred from Nanjing to Canton and then to Taipei. Since then, China has been a temporarily divided country under two separate governments on either side of the Taiwan Strait.

3) The struggle between two systems is the essence of China's division and separation

Traditionally, the division and unification of China was a matter of struggle for "the right to rule." Division represented division between the right to rule and the areas under its rule and never had the question of ideologies. The division between the two sides of the Taiwan Straits is unprecedented, however. On the surface, it appears to be the result of power struggle among various parties during China's civil war. But its essence is in fact affected by world politics and controlled by foreign ideologies. Finally, there is the struggle between the "China of the Three People's Principles," which is founded on Chinese culture, and "Communist China," rooted in Marxism-Leninism. It is also a struggle between two contrasting political, economic, and social systems and two different ways of life. After a division for 40 years across the Taiwan Strait particularly, the obvious differences demonstrated by economic and social development under the different systems have concretely highlighted the "Whither China" strife. This is the essence of the division and separation of the two sides of the Straits as well as the real reason for the division of China today. If it is impossible to remove this fundamental factor, it will be very difficult for China to head from division to reunification.

The very reason why China cannot be unified today is not, as Peking would have it, that a section of the Taiwan population wishes to separate itself from China, neither is it due to the "interference of certain foreign forces." It is that the political system and level of economic development in mainland China, and its frequent large-scale and violent power struggles, have weakened people's confidence in the CPC regime. Now that the promising young people who have grown up under the communist

system do everything possible to get out of the mainland, or do not return home once they are out, or have no home to return to; now that tens of thousands of mainland people are stealing away to other countries; now that people in Taiwan or abroad who yearn for the unification are not willing to settle down in the mainland; and now that Peking cannot tolerate the minimum democracy in Hong Kong, on what does the CPC base its criticism of us for delay and unwillingness regarding unification? If mainland China practices a free and democratic system and if its economic conditions conform to modern levels, who among the Chinese do not want to see the reunification of their country? How then can foreigners interfere? Therefore, the real point in China's reunification is the CPC itself, not others. This is the fundamental reason why the ROC government has repeatedly insisted that "there is only a China problem, not a Taiwan problem."

III. Development of Cross-Strait Relations

(1) Evolution of the CPC's Taiwan Policy

For a long time, the CPC sought to "liberate" Taiwan by force. In October 1949, the CPC launched an attack on Jinmen in the form of amphibious landing operations but suffered a serious defeat. In September 1954, the CPC started shelling Jinmen, thus triggering off another crisis across the Taiwan Straits. In January 1955, the CPC slaughtered people on Yinjiangshan Island and occupied the Dachen Islands. In 1958, the CPC started the "23 August Artillery Engagement" in Jinmen which shocked the country and the whole world. We can say that prior to the "23 August Artillery Engagement," the CPC always wanted to complete unification by force. However, the CPC often shouted the slogan of "peaceful liberation of Taiwan" while using force, and its aim was to carry out united front work.

After failing in its attempt to take Jinmen by force, the CPC was struck by a series of difficulties. First, the "Three Red Banners" triggered off natural and man-made calamities, and then it ran afoul of the CPSU and was confronted with the problem of the Soviet Union's cutting off aid. Later, with the outbreak of the "Cultural Revolution," the mainland was even on the verge of collapse. In addition, the CPC engaged India and the Soviet Union in armed border clashes. Under the situation of being beset with difficulties both at home and abroad, the CPC, apart from calling loudly for "peaceful liberation," lacked the resources to undertake any further military action. At that time, relations between the CPC and the Soviet Union were deteriorating and the Communist camp was breaking up, but since the United States was still deeply hostile to the Soviet Union and was also anxious to disengage itself from the Vietnam War, it started allying itself with the CPC to resist the Soviet Union. Because of strategic consideration, tensions between the United States and the CPC tended to relax. Hence, the cross-straits flash point gradually extended well beyond the Taiwan Straits and into the international diplomatic arena. The rivalries between

the two sides of the Straits in the international arena were presented in a form of isolation versus anti-isolation.

In 1979, on account of Washington's establishing diplomatic relations with the CPC and breaking off ties with the ROC, the CPC no longer worried about direct U.S. intervention in cross-Straits relations and, hence, an important change took place in its strategy towards the ROC. In order to create an illusion of peace in the international arena, the CPC dropped references to the slogan of "liberating Taiwan" in propaganda aimed at Taiwan, replacing them with the term "peaceful reunification." On 1 January 1979, the CPC, in the capacity of the "National People's Congress [NPC] Standing Committee," published the "Letter to Taiwan Compatriots" and advanced the united front call for "peaceful reunification of the motherland" and the idea of "three direct links and four exchanges." At that time, the CPC stopped shelling Jinmen and Mazu. In September 1981, Ye Jianying, chairman of the CPC "NPC Standing Committee," further set forth the "Principles Concerning Taiwan's Return to the Motherland and the Realization of Peaceful Unification" (commonly called "Yeh's nine points"). In 1984, Deng Xiaoping advanced, as a continuation, the unification idea of "one country, two systems." Although all these statements were presented in the name of "peaceful reunification," the CPC is still yet to promise giving up the attempt of solving the reunification problem by force.

(2) The ROC Government's Efforts to Promote Cross-Straits Relations

The ROC Government has always believed that a change of system in mainland China is crucial to solving the China problem. Therefore, in April 1981, the ruling Kuomintang put out a call for the "reunification of China under the Three Principles of the People," saying that the "only way to unify China is to implement the Three Principles of the People in all parts of China." This proposal immediately became the core of the ROC Government's mainland policy. In other words, the focus of debates across the Taiwan Straits lies in whether a "liberal and democratic China" or an "autocratic Communist China" accords with the aspirations of the Chinese people and the common interests of the world. The ROC Government's chief reason for advocating "unification of China under the Three Principles of the People" was indicated by results of the experiments in two different systems on the two sides of the Straits and in the whole world for more than 30 years. Marxism-Leninism had failed utterly in practice while the Three Principles of the People had proved better suited to the conditions of China and better able to solve the "China problem." The Chinese nation paid a heavy price for movements launched under the Marxist-Leninist Communist system, such as the "land reform struggle," the "free airing of views," the "three red banners," and the "cultural revolution," which even the CPC itself described as "catastrophic" afterwards. However, in

Taiwan, the ROC Government adopted and implemented Dr Sun Yet-sen's Three Principles of the People and carried out various economic construction and political reforms in a moderate and progressive manner, thus creating a prosperous and democratic situation which is unprecedented in Chinese history.

In the 1980's, the pace of economic liberalization, social pluralization, and political democratization speeded up in Taiwan, thus bringing about the rapid transformation of the ROC. Then, with the lifting of martial law, the government adopted a more open policy toward mainland China. On 2 November 1987, in consideration of traditional ethics and humanitarianism, the late ROC President Chiang Ching-kuo allowed the people of Taiwan to visit their relatives on the mainland, thus putting an end to the state of estrangement across the Straits for nearly 40 years and creating an opportunity for cross-Straits interaction. From then on, cross-Straits relations progressed from a state of complete estrangement toward people-to-people exchanges.

In May 1990, Mr Lee Teng-hui, in his capacity as the eighth ROC president, pointed out in his inaugural speech:

"If the CPC authorities can understand the tendency of the world situation and the common wish of the Chinese people, introduce democracy and a free economic system, give up the option of using force in the Taiwan Straits, and do not stop us from expanding foreign relations on the premise of one China, we are willing to set up communication channels and promote all-round exchanges in academic, cultural, economic, trade, and scientific and technological fields on a reciprocal basis in a bid to lay a foundation for mutual respect, peace, and common prosperity...." He also hoped that "the period of mobilization for suppression of communist rebellion will be terminated according to law as soon as possible." This solemn statement has laid an important foundation for benign interaction between the two sides.

To seek unity of thinking among the people, the government called a meeting to discuss "national affairs." Those attending maintained that both two sides are "political entities with ruling power." To promote cross-Straits relations, the attendees believed "few restrictions should be placed on functional exchanges but stringent restrictions on political negotiations" and suggested leaving cross-Straits relations to the care of a special government organ and an authorized civilian intermediary organ, and treating the CPC as a confrontational political power. In addition they urged the government to draw up a law on cross-Straits relations to standardize these relations.

In October 1990, President Lee Teng-hui invited members from parties both in and out of the government and from various social circles to the presidential palace to discuss the setting up of a national unification committee as well as a "program for national unification" and to decide the future phased goals of our policy

toward the mainland as well as the long-range blueprint for national unification. In January 1991, the Executive Yuan set up a Mainland Affairs Council to make overall plans for handling mainland affairs. In February 1991, the Straits Exchange Foundation (SEF), a legal consortium entity, was formally established and authorized by the government to handle cross-Straits affairs involving common power [gong quan li 0361 2938 0500]. In March 1991, the Executive Yuan adopted the "program for national unification," which then became the government's guiding principle for handling cross-Straits relations. On 30 April 1991, President Lee Teng-hui announced that the period of mobilization for the suppression of communist rebellion would be terminated at midnight 1 May, and in accordance with a resolution passed by the National Assembly, he also announced that the "temporary provisions" of the Constitution in force during the mobilization period would be annulled simultaneously, no longer treating the CPC as a rebellious organization. This good intention was expressed by the ROC following the publication of the "program for national unification."

The announcement had two important implications. First of all, it demonstrated that the ROC government had formally and unilaterally renounced use of force as a means of national unification. Secondly, it showed that the ROC government would no longer compete with Peking for the "right to represent China" in the international arena. The government held that "there is only one China," but "Taiwan and the mainland are both parts of China," and "the Peking regime is not equivalent to China." Prior to unification, these two parts of China should have the right to participate alongside each other in the international community.

In July 1992, the Executive Yuan passed the "Regulations on Relations Between People in the Taiwan Area and on the Mainland," which went into effect 18 September, thus providing a legal basis for the government in handling cross-Straits relations. The increasingly frequent exchanges between civilians on the two sides of the Straits ran into many difficulties and it was imperative to set up a institutionalized channel to meet the needs of solving disputes. In September 1990, the Red Cross societies from the two sides signed the first agreement for civilian bodies from the two sides—the "Jinmen agreement"—to handle repatriation of a large number of illegal mainland immigrants. The two sides agreed that the CPC side should take illegal mainland immigrants home within 20 days of the date of receipt of repatriation notices. But the CPC played for time under various excuses with the result that about 30,000 illegal mainland immigrants stayed in Taiwan for 113 days on average. To solve the routine problems with the exchanges, the SEF exchanged views with its counterpart the Association for Relations Across the Taiwan Strait (ARATS) set up by the CPC in Peking and Hong Kong. To set up effective ties, the two sides agreed to hold a meeting between the heads of the two organizations in Singapore in April 1993. At the meeting, Mr Ku Chen-fu

and Mr Wang Daohan formally signed the "Cross-Straits Agreement on the Use and Inspection of Affidavits," the "Cross-Straits Agreement on Matters Related to Inquiry by Registered Letters and Relevant Compensation," the "Agreement on the System for Connection and Talks Between the Two Sides," and the "Joint Agreement of the Ku-Wang Talks," thus laying a foundation for cross-Straits talks on routine matters and institutionalized interaction between the two sides. Later the two organizations held follow-up talks on many occasions according to their agreements to discuss in depth problems arising from exchanges between the two sides.

The concrete talks between the two sides indicate that after a confrontation of more than 40 years, the two sides intend to solve their disputes through negotiations and also to accumulate the experiences and fruits of various types of concrete talks, thus paving the way to the political contacts and negotiations between the two sides in the future. However, in the past year, some disputes occurred in the concrete talks between the two sides. For example, such issues as the connotation of "one China" and legal jurisdiction are related to the definition of the relationship between the two sides. If they are not resolved, this will inevitably affect development of relations between the two sides.

It is an incontrovertible historical fact that the ROC has always been an independent sovereign state in the international community since its founding in 1912. However, relations between the two sides of the Taiwan Straits are not those between two separate countries, neither are they purely domestic in nature. In order to ensure that cross-Straits relations develop toward benign interaction, the ROC government has formulated the concept of a "political entity" to serve as the basis of interaction between the two sides. The term "political entity" has extensive meaning, it can refer to a country, a government, or a political organization. At the current stage of cross-Straits interaction, only when we set aside the "sovereignty dispute" will we untie the knots that have bound us for the past more than 40 years and progress smoothly toward reunification. The concept of a "political entity" is the best option of loosening the knots.

The "National Reunification Program" sets forth the structure of "one China, two equal political entities" for defining the cross-Straits relationship. The main connotation includes the following points: First, the existence of the ROC is an undeniable fact. Second, "one China" refers to historical, geographical, cultural, and ethnic China. Third, the division and divided rule of the two sides is only a temporary and transitional phenomenon in China's history, and with the common efforts of the two sides, China will certainly once again move onto the course of reunification. Therefore, in the course of pursuing reunification, the two sides may first proceed from non-governmental concrete exchanges so that they may remove hostility to each other and create conditions for reunification; the two sides should respect each other rather than reject each other in international affairs; and

the two sides should give up the idea of using force as a means of realizing reunification. Fourth, room for arranging political talks between the two sides should be created. Because China is now divided into two political entities, their reunification should be achieved through exchanges and talks. The "National Reunification Program" also explicitly specifies that in the later stage of reunification consultations, the two sides will set up a "reunification consultation institution" and complete the structure of national reunification in the form of negotiations.

4. The ROC Government Does Not Accept "One Country, Two System"

The affirmative opinion held by the ROC government on the temporary divided rule of the two sides of China has absolutely different connotation from that of the CPC's "one country, two systems." We believe that China, as it is traditionally defined, is currently divided into two political entities, that is, a free and democratic Taiwan, and mainland China which practices a socialist system. According to the CPC, the so-called "one country" just refers to the PRC, while Taiwan under the jurisdiction of the ROC can only be a "special administrative region" under the CPC's rule. Although the CPC may permit it to enjoy a "high degree of autonomy" within certain limitations, it must not violate the PRC "Constitution" or the decrees of the "central government." This not only completely ignores the existence of the ROC, but also aims at annexing Taiwan, Penghu, Jinmen, and Mazu. As for the "two systems" designed by the CPC, they are not placed on a par, because the socialist system practiced in the mainland is taken as a main body, while the Three Principles of the People practiced in the Taiwan region is taken as a supplement and can only exist in the transitional period. As for the connotations and the effective term of the "two systems," the CPC authorities hold the right of explanation and the right of final decision in their own hands. Therefore, the "two systems" can only be an expedient measure for putting Taiwan at the mercy of the CPC. In essence, this is a subordinate relationship between the two sides. One system represents the central authorities, and the other local authorities. Under such an arrangement, the Taiwan region will eventually be forced to give up its system of freedom and democracy and be subjected to the system designed and arranged by the CPC. It is obvious that the purpose of "one country, two systems" is to make the ROC surrender completely to the CPC, and to make the people in the Taiwan region give up their free democratic system at a given time. Therefore, the package proposed by the CPC is objectively not feasible and subjectively unacceptable to us.

The ROC government holds that in political reality, China is divided into two regions for the time being, and there exist two political entities of absolutely equality in essence, namely, the ROC government and the CPC authorities. Although the territory and population under the jurisdiction of the two sides and the systems pursued by the two sides are different, the two sides should still

treat each other equally in the course of interaction, and should enjoy exclusive ruling power in the regions under their jurisdiction. Neither side has any way to exercise ruling power over the region of the other side, and should not try to impose its wishes on the other side in the name of sovereignty.

5. The ROC Government Firmly Pursues the Objective of China's Reunification

The ROC Government is firm in its advocacy of "one China" and is opposed to "two China's" or "one China, one Taiwan." But at the same time, given that division and divided rule on the two sides of the Taiwan Straits is a long-standing political fact, the ROC Government also holds that the two sides should be fully aware that each has jurisdiction over its respective territory and that they should coexist as two legal entities in the international arena. As for their relationship with each other, it is that of two separate areas of one China and is therefore "domestic" or "Chinese" in nature. This position is extremely pragmatic. These proposals are quite different from either "two China's" or "one China, one Taiwan."

The ROC government takes "one China, two equal political entities" as the structure for handling cross-Straits relations and hopes that cross-Straits relations will develop in the direction of being peaceful, pragmatic, and sensible. The CPC authorities should understand that such practice is the best option for promoting China's reunification. In the course of cross-Straits exchanges, the CPC should dismiss any misgivings it has concerning the ROC Government's determination to achieve reunification. What the CPC authorities should give urgent consideration to is how, given the fact that the country is divided under two separate governments, we can actively create favorable conditions for reunification and gradually bring the two different "political entities" together to form "one China." Moreover, both sides of the Taiwan Strait should adopt moderate policies for China's reunification and should not be overanxious and act hastily. "More haste, less speed." As long as the two sides have the sincerity and determination for reunification, they will certainly be able to achieve this objective. At the same time, the Chinese people cannot strive for reunification just for the sake of reunification; instead, reunification should be realized under a reasonable and benign political, economic, and social system and way of living. Therefore, we hold that the two sides of the Strait should go all out to build a democratic, free, equally wealthy, and united China. With the joint efforts of the two sides, and once the two sides narrow the gap in the ideological, political, economic, and social aspects, China's reunification will be realized naturally and smoothly.

At present, the two sides of the Taiwan Straits should increase exchanges and solve their disputes through concrete-affairs talks. Only after the experience and the results of such talks are accumulated to a certain degree can the two sides come into political contact and hold political talks. In another word, the more frequently the

two sides hold talks on concrete affairs and the more agreements they sign on concrete affairs, the greater the opportunity for making political contacts and holding political talks will become. The mainland policy of the ROC Government is based on the framework of the "National Reunification Program" and is being gradually advanced. It is hoped that the CPC authorities will make positive and good-willed response so that benign interaction in cross-Straits relations will be effected and favorable for China's peaceful and democratic reunification will be created.

6. The ROC Government's Principles for Handling Cross-Straits Relations

In the period prior to peaceful reunification, the ROC proposes that cross-Straits relations should be handled according to the principles of reason, peace, equality, and reciprocity.

The principle of reason should be a basic way of thinking for handling cross-Straits affairs. For a divided country, the principles of peace, equality, and reciprocity are the best expression of reason. The reunification of Germany was effected according to the rational principles of equal treatment, reciprocal contacts, and the peaceful resolution of disputes between East Germany and West Germany. The development of the European Community from a single integrated market to a greater European community was also based on rational considerations. This provides us another example to learn from. On the contrary, if we cannot handle the issue of national reunification according to the principle of reason, civil war may break out again inside the nation, and domestic turmoil will continue and make the people homeless and miserable. The painful experience of Vietnam at present and the former Yugoslavia should arouse vigilance on both sides.

The principle of peace is a fundamental principle for us in handling cross-Straits relations. The contents of Mr. Lee Teng-hui's speeches on many occasions show that he is determined to give up the use of force as a means of solving the issue of reunification. He upholds the peaceful way for three reasons: First, replacing confrontation with talks has become an international trend, and all countries should do their utmost to prevent the use of force in settling disputes. Second, the interaction between the two sides of the Taiwan Strait is no longer a game which one side can win outright; instead, it is a "win-win" contest in which both sides must be prepared to compromise and each can further its own interests. Third, only giving up the use of force is the best option for the interests of the Chinese nation. Therefore, only when the CPC authorities take the initiative in due course to announce its decision to give up the use of force as a means of solving the issue of reunification will a harmonious and friendly atmosphere for the development of cross-Straits relations be created. To seek "territorial unification" through armed force is a shallow and parochial distortion of the true meaning of nationalism, and only peaceful means of seeking a "unified

system" of democracy, freedom, and equal wealth can be an enduring and all-embracing form of nationalism. So far, the CPC has never expressed willingness to give up the use of force against Taiwan under the pretext of dealing with "Taiwan independence forces" and "foreign interference forces." Those advocating "Taiwan independence" are only a small number of people in the Taiwan region. If the majority of the population who identify themselves with the Chinese nation and culture have to be bullied and oppressed because a small number of people are being attacked, is this not an illogical way of handling things? They talk about guarding against "foreign interference forces" in some words, but in fact directly threaten the safety of all the people of the Taiwan region. This obviously shows the absurdity of the CPC's argument.

The principle of equality is the third proposal we are putting forth. This means that Chinese people in both Taiwan and the mainland should be able to enjoy the same degree of dignity and respect. The ROC Government believes that both current people-to-people exchanges and future government-to-government talks should be conducted according to the principle of respect for each other's people and government, and neither side should try to humiliate the other. For example, the CPC is opposed to the use of such terms as the "ROC," the "ROC Government," and "state-run" by all organizations in the Taiwan region when visiting the mainland. Whenever such terms are used, the CPC changes them to "Taiwan" unilaterally. The CPC is also opposed to the signing of any agreements concerning cross-Straits exchanges in the form of holding talks between the two sides on the basis of "equal governments," and negates that this government has judicial jurisdiction in the Taiwan region. Moreover, the CPC continues to force this side to change its name in international organizations and activities into "Chinese Taipei" in order to belittle the international dignity of the ROC. In fact, such practices by the CPC may just stimulate the rise of separatist sentiments inside Taiwan.

Reciprocity is the fourth principle underlying our policy toward the mainland of China. Exchanges between the two sides of the Taiwan Strait should serve the interests of both parties, and relations should always be "win-win" rather than "zero sum." We believe that only when we have reciprocal exchanges will we be able to establish mutual trust and mutual understanding, and only thus can relations be broad-based, long-lasting, and make steady progress. Reciprocal actions cannot be considered in a one-sided or partial way; instead, consideration must be given to both parties and the situation as a whole. Because the two sides give different consideration to exchanges, they have different approaches to the breadth and speed of exchanges. Take cross-Straits economic exchanges and trade as an example. Although the CPC repeatedly says that "no one will swallow up the other," they in fact adopt the tactics of "the big swallowing up the small" in exchanges and hold that cross-Straits economic exchanges and trade should be raised to

the high plain of strategy in order to "contain Taiwan." On the other hand, the ROC Government holds that cross-Straits economic exchanges and trade should be advanced moderately and gradually according to the principle of being complementary to each other and being mutually beneficial. In other words, the CPC authorities hope to achieve the political purpose of annexing Taiwan at an earlier date through cross-Straits exchanges, while the ROC Government hopes to increase mutual understanding between the people on the two sides, lower hostility between the two sides, narrow the gap, and thus reach the goal of being complementary to each other and being mutually beneficial.

Fourth, Factors in the Internal and External Environment Affecting Relations Between the Two Sides of the Taiwan Strait

1. Factors in the International Environment

The factors affecting the development of cross-strait relations can be generally divided into three categories, namely, international, mainland, and Taiwan factors. First, as far as international factors are concerned, in the 1990's, the international community has entered a brand-new stage. After being tested in the world over more than 70 years, communism has proved to be unacceptable to the human race, because all communist countries adopted the "proletarian dictatorship" in their political system and suppressed freedom and democracy for a long time, thus arousing resentment and resistance among people of all social strata. Economically, they adopted the socialist public ownership system and the planned economy, causing stagnation in economic development and bringing the living standards of the people into the predicament of no improvement. This was the basic reason for the dissolution of the Soviet Union and the collapse of communism in Eastern Europe. In the post-Cold War situation of the world, the CPC's role as a strategic ally of the West has also changed. The West has begun to notice the CPC's practice of trampling upon human rights, and the international community has also begun to rationally approach the fact of the division and divided rule on the two sides of the Taiwan Straits and has come to understand the role of the ROC in the course of reform and opening on the CPC side, as well as the importance of the security of the Taiwan Straits in the stability of the Asian situation and in the development of the Asia-Pacific economy.

In addition, the characteristic of economic interdependence in international relations has been conducive to the relaxation in cross-Straits relations. Taiwan, mainland China, and Hong Kong officially joined the Asia Pacific Economic Cooperation forum in 1991. In the future, both Taiwan and mainland China will acquire GATT membership. The gradual liberalization of Asia-Pacific economy and trade will bring prosperity to this region and will encourage the CPC to step up the pace of reform and opening up. All this will be conducive to the sound development of cross-Straits relations, thus narrowing the gap between Taiwan and mainland China in

economic development and creating favorable conditions for the peaceful reunification of China.

International trends toward integration and division are also factors that have an impact on cross-Straits relations. During the Cold War period when ideologies came before all else, the policy of the reunification of a divided country was more often than not affected by group politics in the absence of compromise; consequently, to accomplish reunification, one must resort to force. With the end of the international Cold War period, the revival of the idea of reunification has promoted divided countries to advance on the path toward reunification. For example, the longing of the East German people for the political and economic structure of freedom and democracy, and the West German people's feelings for the German nation promoted the reunification of East and West Germany in October 1990 based on democratic procedures. In another example, the common understanding of the DPRK and the ROK on reunification enabled the two sides to sign an accord on reconciliation, nonaggression, cooperation, and exchanges in December 1991. This reconciliation and reunification in divided countries is due to the changes in the international political and economic structure and are precisely marked developing trends and characteristics of the post-Cold War situation.

Because of the revival of nationalism among some nationalities that were long oppressed in the wake of the Cold War, separatism has also become a demand that has caught people's attention. The USSR was divided into 15 states. With the mutual consent of the two different nations inside Czechoslovakia, it was divided into two states: the Czech Republic and Slovakia. In addition, Yugoslavia was also affected by separatism, which led to its disintegration.

Internal trends toward integration and division have also pounded at areas in Taiwan. In Taiwan, the adoption of the "Guidelines for National Unification" was an affirmation of the trend toward integration, while, on the other hand, proposals for Taiwan independence have been stimulated by the separatist trend. The ROC Government believes that reunifying China to make the country prosperous and powerful and planning for the nation's long-term development is the common aspiration of all Chinese at home and overseas. We are willing to promote the realization of this goal; nevertheless, we cannot avoid the fact that Taiwan has already become a democratic society and enjoys full freedom of speech and ideas; inevitably, the ideological trends of both integration and separatism will both impact Taiwan. Subjectively speaking, the ROC Government believes that we should work toward integration, but in objective terms, the degree of acceptance which these two trends enjoy among the people of Taiwan will depend on the future development of cross-Straits relations. If cross-Straits relations fail to develop in a sound way, the haze of separatism will stubbornly remain and will gradually

spread in Taiwan, but if the two sides interact in a sound way, room for the development of separatism will naturally be restricted.

2. Factors in the Situation on the Mainland

Developments in the situation on the mainland and CPC policy toward Taiwan is also an important group of factors affecting cross-Straits relations. ROC policy toward the mainland is to build a political and economic system and lifestyle that are compatible with the survival and development of the Chinese entity. We are pleased to see that the mainland has stepped up the pace of reform and opening up. However, we also see that, although the CPC has decided to build a "socialist market economy with Chinese characteristics" to promote economic growth and is improving people's living standards as the foundation for continuing its regime, politically it still upholds the "four cardinal principles" (the socialist road, the people's democratic dictatorship, CPC leadership, and Marxism-Leninism-Mao Zedong Thought) which underpin the one-party dictatorship. Such a line characterized by "political leftism and economic rightism" is full of contradictions by its very nature. The constant economic and financial crises mainland China has suffered in recent years, the widening gap between rich and poor, and the appearance of all kinds of social problems all result from this policy of "political leftism and economic rightism." If the CPC fails to conduct political reform and give up the "four cardinal principles," it will be very difficult to sever the law that governs the malignant economic cycle that has and will continue to exist for a long time, now tense, now relaxed. In the future, domestic political trends in mainland China will have an impact on the Taiwan people's attitude to reunification. A number of polls conducted in Taiwan demonstrated that, should the CPC implement free and democratic politics, the proportion of those polled who supported the reunification of Taiwan and mainland China when the time was right was higher than the proportion of those who supported Taiwan independence. On the contrary, should the CPC continue to implement a one-party dictatorship, the proportion of those polled who supported reunification dropped, whereas the proportion of those who supported Taiwan independence rose relatively. Therefore, we can see that the degree of democratization or dictatorship on the mainland profoundly affects Taiwan people's views on reunification.

CPC policy toward Taiwan has also affected the Taiwan people's views of reunification. The CPC leaders have never relinquished the threat to use force against Taiwan since 1949 as of today. In addition, the CPC has always sought to prevent the ROC from participating in international activities, elbowing out or playing down the ROC's status in various international organizations, doing its utmost to jeopardize the ROC's relations with those countries that have diplomatic relations with ROC, and impeding the ROC's expansion of its right to navigation, purchase arms and equipment for proper

self-defense, or conduct reciprocal visit with high-echelon figures of other countries to unfold normal exchanges. But such hostile CPC actions only stir up regret and sorrow among all Chinese at home and overseas about "blood brothers mutilating each other!"

The CPC has implemented a policy of preventing the ROC from participating in international activities for many years, but it seems to be ignorant of the hidden contradictions in this policy: On the one hand, the CPC has resorted to international force to block Taiwan; on the other hand, it opposes "the internationalization of the Taiwan issue." On the one hand, it insists that opening transport routes between Taiwan and foreign countries is "a political issue that involves sovereignty"; on the other hand, it says that opening routes between Taiwan and the mainland is purely an economic issue, not a political issue. On the one hand, it suppresses the international space of the Taiwan, Penghu, Jinmen, and Mazu areas, which is indispensable to their people's prosperity; on the other hand, it keeps mouthing high-sounding words about national feelings. If the CPC fails to review the contradiction between its words and deeds, while elbowing out the ROC in the international community with high pressure, these hostile actions will not only fail to rupture the ROC's foreign relations, but will actually stir up more hatred in Taiwan for the CPC regime and obstruct the process of national reunification.

In actual fact, in current international relations, there are already several points where both Taiwan and the mainland have parallel interests. Regretfully, the CPC has not taken them into consideration, while allowing diplomatic contention that has gone on for many years to consume many precious resources and the energy of both sides. If both Taiwan and the mainland could coexist in the international community on an equal footing, the international space of both sides would expand, and what the Chinese say in the world would carry greater weight, not counter each other. Furthermore, in the course of multilateral studies and rational ties in bilateral cooperation, the brotherly feelings between the two sides would inevitably be promoted, thus magnifying the possibility of the ultimate reunification of Taiwan and the mainland. Take for instance the ROC seeking its seat at the United Nations under the prerequisite that the two sides openly declare to the world their pursuit of a unified China. If the ROC could smoothly participate in various UN organizations and activities, it could show the international community its successful experiences accumulated over 40-odd years, thus winning greater respect for the Chinese in the international community, and there really are no grounds for the CPC authorities to go all out to obstruct this. The experience of the reunification of East and West Germany shows that divided countries simultaneously participating in the international community does not impede the development of reunification, but relaxes tense relations between them, while creating conducive conditions for peaceful reunification, thus safeguarding the interests of

the entire nation in the world. The DPRK and the ROK adopted a similar practice not long ago. We hold the view that in this era of reconciliation, Taiwan and the mainland need to actually resolve the hostility between them. The ROC Government has already taken the initiative in taking a large stride forward. If the CPC authorities show some understanding and respond to this, we believe it will be conducive to cross-Straits relations advancing in the direction of reunification.

(3) The Taiwan Development Factor

Taiwan's future political and economic development constitutes another group of key factors affecting cross-Straits relations. In recent years, the ROC has, it can be said, undergone a "quiet revolution." Economically, it is now the 14th largest trading country and seventh largest investor country in the world, while its GNP per capita ranks 20th in the world. Moreover, it has the largest or next largest foreign exchange reserves in the world. Politically, it has become the first democracy in China's history that respects human rights and the rule of law. After finding its release through democratization and liberalization, this accumulation of economic strength and social and cultural vitality has had an impact in two directions: toward the outside world in the shape of "pragmatic diplomacy" and toward mainland China where it has acted as a catalyst for the expansion of all sorts of people-to-people exchanges. Therefore, it should be acknowledged that the rapid development of cross-Straits relations over the past few years has, to a large extent, been generated by Taiwan's economic growth and political democratization.

It is a pity that the CPC authorities have failed to understand this cause and effect relationship. Rather, they have either ridiculed and attacked Taiwan's democratization process or unreasonably tried to interfere with the ROC's external relations under the pretext of opposing "pragmatic diplomacy," "two China's," or "one China, one Taiwan" in a vain attempt to reduce the scope of the ROC's international maneuvers. Moreover, the CPC authorities have also tried to expand their influence over Taiwan by "imposing encirclement through consultations, inciting the masses to oppose the authorities, and playing the economic card to achieve political ends" in an attempt to force the ROC Government to eventually accept their "one country, two systems" arrangement. Such "carrot and stick" tricks not only fail to take into account Taiwan's political and economic development trend in recent years but also pay no regard to the Taiwan people's real wishes and welfare. If this continues, it will unavoidably have a negative impact on China's reunification and on normal cross-Straits exchanges as well.

Since martial law and the ban on political parties were lifted in Taiwan in 1987, people's freedom of assembly, freedom of association, and freedom of speech, as provided for by the Constitution, have been fully guaranteed with the result that the Taiwan people have gradually developed a community psychology and such a

common understanding that "people in the same boat should help each other" and have acquired such new concepts as the "life community." The "life community" concept in no way suggests that Taiwan's 21 million people should ignore China's history and give up their sacred mission of reunifying China. Rather, it shows that the Taiwan people's future welfare and security are now closely linked with Taiwan's development, fortunes, or even misfortune. The "life community" concept also attests to the fact that public opinion now plays a dominant role in government policy making. When formulating policies toward the mainland, the ROC Government will certainly solicit opinions and proposals from people in all walks of life. Along with the gradual maturity of Taiwan's democratization, public opinion will no doubt become a key index referred to by the ROC Government when formulating policies toward the mainland.

Taiwan is already a democratic and pluralistic society. Opposition members occupy a considerable number of seats in the Legislative Yuan, and their opinions inevitably influence government policy making whenever issues concerning the mainland are under discussion. Where national identity and cross-Straits relations are concerned, the ruling party and the opposition differ quite considerably. However, although various parties may have different opinions concerning policies toward the mainland, their ultimate goal is to enhance the Taiwan people's welfare. They always have to give careful consideration to the impact of their proposals on the security and welfare of Taiwan's 21 million people. This shows that what the ROC Government and the CPC authorities are competing for at the moment should also be the long-term welfare of the whole Chinese people. In the course of such competition, any rash or premature reunification policy proposal or distortion of national identity will only jeopardize the welfare of the whole people.

V Conclusion

1. The division of China under two separate governments is a great misfortune for the Chinese people

The division of China under two separate governments is a great misfortune for the Chinese people. However, the people of the ROC are fortunate in having lived in Taiwan, Penghu, Jinmen, and Matsu, a base capable of breeding China's future vitality since the mainland fell into the hands of the communists. After more than 40 years of vigorous efforts to achieve prosperity, the ROC has not only built in Taiwan a democracy unknown in China's history but has also created unprecedented economic prosperity unknown in China's history over the last several thousand years. The ROC's vigorous efforts over the past 40 years have finally succeeded in turning Taiwan from a remote coastal region into a pivot capable of dominating China's future.

Led by the ROC Government, the entire Chinese people once fought a bloody eight-year war against Japanese

aggression and eventually defeated the Japanese imperialists, abrogated a series of unequal treaties, and turned China into one of the founding members of the United Nations and one of the permanent members of the UN Security Council. Unfortunately, the mainland people have suffered a lot since the CPC regime was established on the mainland in 1949. Externally, the CPC has constantly stirred up armed conflict. Domestically, it has usurped state power, suppressed opposition, and subjected the whole country to communist control with the result that the mainland economy is now backward and the people of the mainland live in destitution.

2. The CPC authorities should contribute to China's reunification

We call on the CPC to further promote economic reform and carry out all-round political reform, as this alone can deliver our mainland compatriots from poverty and want and allow them to live a life of humanity and dignity. We also call on the CPC to calmly face up to all types of problems cropping up in cross-Straits relations; recognize the fact that China is a divided country under two separate governments; promote the development of cross-Straits relations in accordance with the principles of reason, peace, parity, and reciprocity; and display sincerity in furthering the development of cross-Straits relations. This is the only way we can create an opportunity for China's peaceful reunification.

We believe that the Chinese people are absolutely opposed to either military threats or devastation by war. Threats can only enhance animosity between people on the two shores, while war can only lead to the mutual destruction of the two sides. Anyone who resorts to arms under the pretext of reunification will be condemned in history by the entire Chinese nation. Only by advocating national ties, recognizing that "blood is thicker than water," and treating each other on an equal footing will the two sides be able to remove obstacles and gradually move closer to each other.

3. Democracy, freedom, and equitable prosperity form the real value of China's reunification

"Peaceful reunification" is not enough. Instead, we should aim at "democratic reunification." Only by realizing reunification under a system characterized by democracy, freedom, and equitable prosperity will the Chinese people be able to live a happy life and will China be able to make greater contributions to the peace, stability, and prosperity of the world. Should China be reunified under a despotic and autocratic system which ignores and encroaches upon human rights, China will certainly become a major threat to world peace, thus becoming unacceptable to the world community at large. Moreover, we also believe that the great significance of China's reunification lies not only in the achievement of a strong and prosperous country and the long-term development of the Chinese nation, but also that the entire Chinese people can enjoy democracy, freedom, and equitable prosperity. Should we fail to achieve this, reunification would become virtually meaningless and worthless.

Looking back through the past and forward to the future, the ROC Government will continue to adhere to its present stance of "putting humanitarian considerations first, gradually expanding people-to-people exchanges, concentrating on cultural exchanges, enhancing mutual understanding between people on the two shores, following the principle of reciprocity and mutual benefit, and pushing ahead with cross-Straits economic and trade relations." Furthermore, the ROC Government will also make every possible endeavor to promote cross-Straits relations to bring about the favorable development of interaction between the two shores. The ROC Government will continue to study and work on an overall exchange strategy by firmly adhering to such principles as looking forward to the future, practicing pragmatism, and keeping the initiative, as well as steadily and assuredly forging ahead. We will not shrink just because the CPC is hostile to us nor will we take premature action just because the CPC is trying to lure us with promises of gain. We are fully confident that the wisdom and efforts of the whole people will enable us to create a new situation; speed up political, economic, and social modernization on the mainland; and eventually accomplish the sacred mission of reunifying China under democracy, freedom, and equitable prosperity.

Hong Kong

Leaders Address the Preliminary Working Committee Session

Jiang Zemin Speaks

OW0807131394 Beijing XINHUA in English 1251
GMT 8 Jul 94

[Text] Beijing, July 8 (XINHUA)—Chinese President Jiang Zemin said here today that the Chinese mainland has never placed the hope of realizing Hong Kong's smooth transition and maintaining its long-term stability and prosperity on others.

The key to solving the problem of Hong Kong's future will depend on implementing the principles of "one country, two systems" and of "letting Hong Kong people administer Hong Kong", Jiang said at a meeting with all members of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region who are attending the committee's third plenary session in Beijing.

Jiang said: "To maintain Hong Kong's long-term stability and prosperity, we must rely on ourselves, on the increasingly powerful motherland and on the six million Hong Kong compatriots."

He said he was sure that the Hong Kong compatriots can not only create the region's prosperity today, but also make it more beautiful and prosperous tomorrow.

Jiang said that in accordance with the Sino-British Joint Declaration on the future of Hong Kong, the British side has the responsibility and obligation to realize the smooth transfer of the power in Hong Kong.

Keeping Hong Kong's prosperity and stability before and after 1997 will be beneficial to Britain too, he added.

During the meeting Jiang spoke highly of the work that the Preliminary Working Committee has done since its founding last year.

He said that the Preliminary Working Committee is an organization for making preparations for the resumption of China's exercise of sovereignty over Hong Kong, which shoulders an important mission and is confronted with an arduous task.

Over the past year, Jiang said, the Preliminary Working Committee has conducted research on the issues related to Hong Kong's political affairs, economy, laws, culture and social security and put forward many valuable plans and views after widely soliciting the opinions of Hong Kong residents. The results are remarkable, he added.

He expressed the hope that the committee members will continue their efforts to make fresh contributions to Hong Kong's smooth transition.

Qian Qichen, vice-premier of the State Council and chairman of the Preliminary Working Committee, attended the meeting.

Jiang Zemin Speaks on Hong Kong

OW0907010594 Beijing XINHUA Domestic Service in Chinese 1350 GMT 8 Jul 94

[By reporters Duanmu Laidi (4551 2606 0171 1229) and Feng Xiuju (7458 4423 5468)]

[Text] Beijing, 8 Jul (XINHUA)—While meeting members of the Preliminary Working Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region, who were here to attend the committee's third plenary session, at the Great Hall of the People this afternoon, State President Jiang Zemin said: To maintain Hong Kong's long-term stability and prosperity, we must rely on ourselves, on our powerful and increasingly flourishing and developing motherland, and on the 6 million Hong Kong compatriots. Hong Kong compatriots can not only create Hong Kong's prosperity today, but can surely also make it more beautiful and better tomorrow.

Jiang Zemin said: We have never placed the hope of realizing Hong Kong's smooth transition and maintaining its long-term stability and prosperity on others. The key to solving the problems of Hong Kong's future lies in "one country, two systems" and "letting Hong Kong people administer Hong Kong."

Jiang Zemin noted: In light of the stipulations in the Sino-British Joint Declaration, the British side has the responsibility and obligation to realize the smooth transfer of power. Maintaining Hong Kong's prosperity and stability before and after 1997 is also in Britain's interests.

Jiang Zemin spoke highly of and fully confirmed the work that the PWC has done since its founding one year ago. He said: The PWC is an organization for making preparations for the resumption of sovereignty exercised by China over Hong Kong. It shoulders an important mission and is confronted with an arduous task.

Jiang Zemin said: Over the past year, the PWC has studied the issues related to political affairs, economy, laws, culture, social security and others and has put forward many valuable plans and views after widely soliciting the opinions of Hong Kong people. The results are remarkable and the members have devoted a great deal of energy and hard work to this end.

He expressed the hope that the members will continue their efforts to make fresh contributions to Hong Kong's smooth transition and transfer of power.

Qian Qichen, vice premier and chairman of the PWC; and PWC Vice Chairmen, including Ann Tse-kai, Henry Fok Ying-tung, Lu Ping, Zhou Nan, Zheng Yi, and Simon Li Fook-sean, were at the meeting.

Qian Qichen Delivers Address

OW1007055394 Beijing XINHUA Domestic Service in Chinese 1626 GMT 9 Jul 94

[By reporters Duanmu Laidi (4551 2606 0171 1229) and Fang Jin (2455 3866)]

[Text] Beijing, 9 Jul (XINHUA)—The Preliminary Working Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] concluded its third plenary session at the Great Hall of the People this afternoon.

Qian Qichen, vice premier of the State Council and chairman of the PWC, delivered a closing address. He said: The session lasted three days. During the session, President Jiang Zemin met all committee members and delivered an important speech in which he fully affirmed our work. This is an encouragement to the PWC and its members. President Jiang Zemin's speech, which serves as an important guide to our work, should be reflected in our future work.

Qian Qichen stated: The prerequisite for resuming the exercise of sovereignty over Hong Kong, for establishing the Hong Kong SAR, and for effecting a smooth transition is to rely on our own efforts, which include the support of people in the motherland and the participation of the people of Hong Kong. As long as China prospers, Hong Kong's stability will have a reliable guarantee, which will create good conditions for the transfer of power and a smooth transition. The policies and support of the central authorities serve as a fundamental guarantee for Hong Kong's long-term stability and prosperity. Here I would like to quote again the remarks made by Deng Xiaoping during his meeting with the drafting committee for the Hong Kong SAR Basic Law on 16 April 1987. He said: "It is true that the central authorities will not interfere in specific aspects of SAR affairs; interference is unnecessary. But will something happen in the SAR that will harm the country's fundamental interests? Is it possible that such an occurrence will not take place? Will Beijing get involved if something happens? Will Hong Kong not experience things that are harmful to its fundamental interests? Can we assume that there will be no forces of disturbance and disruption in Hong Kong? In my opinion, we have no reason for such self-consolation. Should the central authorities relinquish all power, some chaos that is harmful to Hong Kong's interests will arise. Hence, maintaining some measure of central power will benefit, not harm, Hong Kong. Everybody should think calmly: Will, at some point, Hong Kong experience something that cannot be resolved without Beijing's intercession? In the past, Britain always came to the rescue when Hong Kong ran into problems. There are always some things that you cannot solve without the central authorities' intercession. The central authorities' policies will not harm Hong Kong's interests. It is hoped that things that are harmful to national interests as well as Hong Kong's interests will not occur in Hong Kong. What if they do?

That is why I ask you to consider this possibility. These issues should be addressed in the Basic Law." That is why I say the policies and support of the central authorities are the fundamental guarantee for Hong Kong's long-term stability and prosperity.

Qian Qichen said emphatically: Active participation by the Hong Kong people, who love both the motherland and Hong Kong, is essential for implementing the policies of "one country, two systems," of "Hong Kong people governing Hong Kong," and of permitting "a high degree of autonomy." When China resumes its exercise of sovereignty over Hong Kong, the Hong Kong people will shoulder the historical mission of acting as masters of their destiny. They should be united under the banner of loving the motherland and Hong Kong, work in a down-to-earth manner, and bravely shoulder this mission in the spirit of being responsible for history, the nation, and the motherland. During his meetings with some Hong Kong figures on 22 and 23 June 1984, Deng Xiaoping said: "We should have faith in the Hong Kong Chinese people's ability to govern Hong Kong well. Not believing that the Chinese can govern Hong Kong well is a mentality carried over from old-line colonialism." "All Chinese people should, at least, be proud of the Chinese nation, regardless of what they wear and what stands they adopt. The Hong Kong people have this sense of national pride. They can govern Hong Kong well and should have self-confidence. The Hong Kong people, who are predominantly Chinese, were the main contributors to Hong Kong's prosperity in the past. The Chinese are as intelligent as other peoples; they are not stupid. Do not always think that only foreigners can do well. We should believe that the Chinese themselves can do as well. The argument that the Hong Kong people lack confidence does not reflect what they really think."

"While the future Hong Kong SAR Government will be mainly composed of patriots, it should also include other people. Foreigners can be appointed as advisers. What are patriots? Patriots should be judged by whether they respect their nation, whether they sincerely support the motherland's resumption of the exercise of sovereignty over Hong Kong, and whether they will refrain from harming Hong Kong's prosperity and stability. As long as they possess these qualities, they are patriots regardless of whether they believe in capitalism, feudalism, or even slavery. We do not ask them to endorse China's socialist system. We only ask them to love the motherland and Hong Kong." These words show the central authorities' firm confidence in the "Hong Kong people's ability to govern Hong Kong." They define what is meant by a patriot and reflect the high expectations of Hong Kong compatriots entertained by the people in Mainland China.

Qian Qichen said: Another point I would like to make is that in accordance with the Sino-British Joint Declaration, the British Government is duty-bound to cooperate with the Chinese Government in ensuring Hong Kong's

smooth transfer of power and transition. We hope the British Government will honor its promises and do what it is committed to.

Qian Qichen said: The current session was the first after the PWC completed its task of developing operational plans and entered the stage of substantive work. Judging by the work reports submitted to the session by the various panels, over the past six months we have studied, in a down-to-earth manner, many issues relating to Hong Kong's transfer of power and smooth transition. The plans or methods for solving some of those issues have begun to take shape. Our work progress to date has been satisfactory. He said: During the current session, PWC members spoke out freely, drew on all useful ideas, and made many valuable suggestions in light of the work reports submitted by the various panels and of the specific issues which the PWC needs to study in the next stage of work. This will surely play a positive role in the next stage of work of the various panels. The general goal of our work over the next six months is to compile, on an individual basis, some key issues studied by the panels into written proposals or optional plans before the fourth plenary session is held at year's end, and to provide those proposals and plans to the prospective Preparatory Committee for reference after they are examined and approved by the plenary session.

He said: The conclusion that we drew from the PWC's previous stage of work is that we ought to study specific issues while implementing the general policy of "one country, two systems" and the specific policies enacted by the Chinese Government to solve issues related to Hong Kong. Each and every one of the plans and proposals we put forward must be based on the Basic Law, must take account of the realities in Hong Kong, and must serve the overall interests of facilitating Hong Kong's smooth transition, of helping Hong Kong maintain its long-term stability and prosperity, and of safeguarding Hong Kong people's interests. The panels should continue to implement this guiding thought in their future operations.

Qian Qichen noted: The political affairs panel has explicitly underscored the need to follow the principle of instituting an executive-led political system in the Hong Kong SAR. This principle is embodied and specifically addressed in the Basic Law. Over the years, Hong Kong has had no democracy to speak of under British rule. After China resumes the exercise of sovereignty, Hong Kong, as a special administrative region of China, must develop a democratic political system in a gradual manner and in line with its actual conditions. It should build this system with a view to ensuring its stability and prosperity, should take into account the interests of all social sectors, and should proceed in an orderly and step-by-step manner. Hong Kong has gained successful experience in exercising executive-led administration, which is vital for managing an international financial center and a large economic metropolis like Hong Kong. Only through executive-led administration can we maintain the high efficiency with which the government

functions, and ensure Hong Kong's economic development and social stability. The Hong Kong Government must rely on civil servants in all of its operations, whether during the transition period or after 1997. Civil servants will play an important role in the process of transferring power and making a smooth transition. A number of measures taken by the British Hong Kong Government in recent years to promote legislative-led administration have adversely affected the effective operations of administrative departments, causing worries among civil servants. The PWC should pay close attention to this issue and take measures to ensure the stability and continuity of civil servants.

Qian Qichen said: Achieving the smooth transition of Hong Kong's economy and maintaining all basic conditions for Hong Kong's economic prosperity and growth are the PWC's major tasks and goals in preparing the takeover of Hong Kong's economic affairs. The PWC should study and make proposals on the transfer of economic affairs in 1997 and on economic issues which the SAR Government needs to handle after its establishment. It should also study and make comments and proposals on major issues that will have a significant impact on Hong Kong's long-term economic stability and prosperity.

He said: A major task in our preparations in the legal field is to ensure the soundness and continuity of Hong Kong's legal system at the time of the Hong Kong SAR's establishment in order to facilitate the SAR Government's normal operations. We maintain the principle that Hong Kong's existing laws will remain "basically unchanged." We will only modify laws as required by the termination of British rule in Hong Kong. The Basic Law should be considered in its entirety. If we find some of Hong Kong's existing laws to be in conflict with the Basic Law, we should pay attention to the letter of the Basic Law and master the spirit expressed in this manner. We should pay close attention to the British Hong Kong Government's actions in recent years to unilaterally revise existing laws. The PWC should deliberate this issue on a priority basis.

Qian Qichen said: As 1997 draws near, it has become an urgent task to spread the knowledge of the Basic Law in Hong Kong. The cultural affairs panel has called for gradually fostering an awareness of the need to maintain and implement the Basic Law in all segments of Hong Kong society, and has made concrete proposals in this regard. We should carry out these proposals in our future work. In spreading the knowledge of the Basic Law, we should be mindful of specific issues. Aside from introducing the Basic Law's content, we should address issues of concern to different categories of people. In dealing with issues pertaining to Hong Kong's existing textbooks, we should think what kind of education we would like to provide Hong Kong's future generations. Generally speaking, the majority of existing textbooks can be used after 1997. We must delete or revise, in a step-by-step manner, information that distorts historical

facts, violates the principle of "one China," and diminishes national consciousness.

He said: Two issues that the social and security affairs panel recently discussed—the criteria for judging what constitutes "taking Hong Kong as one's place of permanent abode," and the question of permanent residency for immigrants who return to Hong Kong—have caused widespread concern in Hong Kong society. Hong Kong's status as an international trade, financial, shipping, and information center will remain unchanged. That is why it is necessary and reasonable to encourage those Hong Kong residents who have emigrated to return and take up their abode in Hong Kong. Doing so is also in the interests of people in all segments of Hong Kong society. The issues studied by the social and security affairs panel are closely related to Hong Kong people's well-being. In studying these issues, we should broadly canvass Hong Kong people's opinions and reflect their interests and aspirations.

In closing, Qian Qichen noted: The British Hong Kong Legislative Council's recent passage of the electoral bill drawn up according to Hong Kong Governor Chris Patten's "political reform program" shows that the British side acted willfully on the question of Hong Kong's political system. Now some people are saying that China and Britain should cooperate on other issues and refrain from causing more trouble. We should listen to what a person says and see what he does. We hope this will turn out well. However, we must be prepared for trouble of one kind or another, which may occur independent of our will. Faced with this situation, we should have even firmer faith in relying on our own efforts to ensure Hong Kong's smooth transition. So long as the Hong Kong people work in unity under the banner of loving the motherland and Hong Kong, and take it as their own task to maintain Hong Kong's smooth transition regardless of their occupations in society, we can meet any challenges and remove any barriers on the road toward Hong Kong's smooth transition during the transition period, which will end in less than three years' time.

During the session, Lu Ping, vice chairman and secretary general of the PWC, reported on the arrangements for work during the latter half of 1994.

Seven PWC members spoke during the session.

PWC Vice Chairmen Tse-kai Ann [An Zijie], Zhou Nan, Zheng Yi, and Li Fushan attended today's session.

Qian Qichen Discusses Sovereignty

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[Text] Beijing, July 9 (XINHUA)—Chinese Vice-Premier Qian Qichen said today the resumption of China's exercise of sovereignty over Hong Kong, the establishment of the Hong Kong Special Administrative

Region (SAR) and achievement of Hong Kong's smooth transition require "our own efforts."

He made this statement at the Third Plenary Session of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong SAR, under the National People's Congress Standing Committee. The session closed here today.

Qian, who is also director of the preliminary working committee, said that "our own efforts" mean the support of all the Chinese people on the one hand and participation by the Hong Kong people on the other.

Addressing the session, he said, "so long as China is prospering, Hong Kong's stability will have a reliable guarantee, which will create good conditions for the transfer of power and smooth transition (in Hong Kong)."

He stressed that the policies and support of China's central authorities serve as a "fundamental guarantee" for Hong Kong's long-term stability and prosperity.

Vice-Premier Qian said that participation by the Hong Kong people, who love both the motherland and Hong Kong, is essential to the implementation of the policies of "one country, two systems," "Hong Kong people governing Hong Kong" and "a high degree of autonomy."

When China resumes its exercise of sovereignty over Hong Kong, the Hong Kong people will shoulder the historical mission of acting as masters of their destiny, he said.

Thus, the leader called on the Hong Kong people to be united under the banner of loving the motherland and Hong Kong and working hard.

Qian also noted that in accordance with the Sino-British Joint Declaration, the British Government is duty-bound to cooperate with the Chinese Government in ensuring the smooth transfer and transition of power in Hong Kong.

He expressed the hope that the British Government will honor its promises and do what it is committed to.

After China resumes the exercise of sovereignty over Hong Kong, he said, Hong Kong, as a special administrative region of China, should develop a democratic political system in a gradual manner and in line with its specific conditions, he said.

The building of that system should be designed to ensure Hong Kong's stability and prosperity, with interests of all social sectors taken into account, he said.

Hong Kong has acquired successful experience in exercising administration initiative, Qian said, calling this vital to the success of managing an international financial and economic center like Hong Kong, he said.

Qian said that during the transitional period and after 1997, the operation of the Hong Kong Government must rely on civil servants.

"Civil servants will play an important role in the transfer of power and smooth transition in Hong Kong," he explained.

He pointed out that a number of measures taken by the British Hong Kong authorities in promoting legislation initiative have already adversely affected the operation of administrative departments and have caused worry among civil servants.

The preliminary working committee should pay close attention to that question and take all possible measures to make sure of stability and continuity of civil servants in Hong Kong, he said.

Achieving smooth transition of Hong Kong's economy and maintaining all basic conditions for the prosperity and growth of Hong Kong's economy are major tasks for the preliminary working committee in preparing its work for Hong Kong's economic affairs.

According to Qian, the committee should study the transfer of economic affairs in 1997 and economic questions that the government of the Hong Kong SAR will need to handle after its establishment.

It should also make comments and proposals on major issues that will have a great impact on the long-term stability and prosperity of Hong Kong's economy, he added.

On Hong Kong's legal system, Qian said, "we maintain the principle that existing laws will remain 'basically unchanged'."

The vice-premier also called for close attention to the actions of the British Hong Kong authorities to unilaterally revise existing laws in Hong Kong.

With the advent of 1997, it has become an urgent task to spread the knowledge of the Basic Law of the Hong Kong SAR, he said.

"The position of Hong Kong as an international trade, financial, shipping and information center will remain unchanged, too," he said.

That is why it is "necessary and reasonable" to encourage those Hong Kong residents having moved abroad to return to Hong Kong, he said.

Qian expressed the belief that so long as the Hong Kong people get united under the banner of loving the motherland and Hong Kong and take it as their own task to maintain smooth transition in Hong Kong, any challenge can be met and any barriers on the road of Hong Kong's smooth transition will be removed during the transitional period.

Lu Ping Briefs on Hong Kong PWC Panels' Work

OW1007115694 Beijing XINHUA Domestic Service in Chinese 1644 GMT 9 Jul 94

[By Duanmu Laidi (4551 2606 0171 1229) and Fang Jin (2455 3866)]

[Text] Beijing, 9 Jul (XINHUA)—The Third Plenary Session of the Preliminary Working Committee [PWC] of the Hong Kong Special Administrative Region [HKSAR] Preparatory Committee gave a news briefing at the Great Hall of the People this afternoon. Lu Ping, PWC vice chairman and secretary general, briefed the press on the work accomplished by various PWC panels during the last six months.

Lu Ping said: The five panels held 22 meetings since the holding of the second plenary session in December 1993. The political and economic panels, after meeting in Hong Kong once, started their consultative activities and listened to views of people in various sectors. All panels have accomplished their plans.

Lu Ping began the briefing by reporting on the work accomplished by the political panel during the first six months of this year. He said: The political panel met six times to discuss the formation of the first Legislative Assembly. Members of the panel maintained that the formation of the first Legislative Assembly must be based on the Basic Law and the relevant decisions of the National People's Congress [NPC]. The formation of the Legislative Assembly must reflect the principles governing state sovereignty and Hong Kong's smooth transition, as well as the executive-led principle and principle governing the coordination and mutual restraint between the executive and legislative bodies—with emphasis placed on coordination—as well as gradual democratic developments in Hong Kong with proportionate participation of people from various social strata.

Lu Ping said: Owing to causes known to all, the "through train" arrangements about Hong Kong's last Legislative Council becoming the first Legislative Assembly of the HKSAR will not be materialized, nor will arrangements be possible for some through coaches. The tenure of all the members of the last Hong Kong Legislative Council will end on 30 June 1997. Members of the first HKSAR Legislative Assembly must be elected on the basis of the Basic Law and relevant NPC decisions.

He said: The panel put forth a preliminary plan about specific measures for establishing the first HKSAR Legislative Assembly and studied the time for its formation. Some members proposed that it be established on 1 July 1997; some proposed that it be established at the end of 1997; and some proposed that it be established in early 1998. The panel also discussed—and came up with several tentative plans—issues about whether it is necessary to set up an interim Legislative Assembly, and issues that assembly members, who are not Chinese nationals, or who have a right of abode in foreign

countries, should not account for more than 20 percent of the seats in the assembly. Moreover, members of the panel maintained that rules should be formulated for the credentials of candidates for the first Legislative Assembly. They maintained that candidates' credentials should also include that they must be loyal to the PRC and the HKSAR, and that they must support the Basic Law and the "one country, two systems" principle, as well as other relevant provisions which accord with the Basic Law.

On the formation of the first district organizations, Lu Ping said: Members of the panel pointed out that Hong Kong's district boards and municipal councils are parts of the political framework of the British Government in Hong Kong and they are inseparable from its rule in Hong Kong. Thus, like the Legislative Council, the tenure of members of the last district boards and municipal councils will end along with the termination of the rule of the British Government in Hong Kong on 30 June 1997, but further studies will be conducted as to when the first district boards, municipal councils, and district councils of the HKSAR be formed. Members of the panel maintained that appointed seats of district organizations should be reinstated after 1997.

On the formation of the first HKSAR government, Lu Ping said: Members of the panel maintained that the candidate chief executive should be appointed before 1 July 1997, and specific appointment measures should accord with the relevant NPC decisions. As to the establishment of various legal and consultative organizations in the HKSAR, members of the panel maintained that it should be decided by the chief executive, and the members of these organizations should be reappointed by the chief executive and executive bodies of the HKSAR.

On relations between the executive and legislative bodies, Lu Ping said: Members of the panel maintained that relations between the executive and legislative bodies in the HKSAR must reflect the executive-led principle, and the principle governing coordination and mutual restraint—with emphasis placed on coordination—between the executive and legislative bodies. To promote more effective communications between the executive and legislative bodies, members of the panel endorsed the idea that members of the executive councils may be presidents or major members of certain important legal and consultative organizations.

On stabilizing the ranks of civil servants and the convergence of relevant rules, Lu Ping said: Members of the panel maintained that stabilizing the ranks of civil servants in Hong Kong after 1997 is a major aspect in achieving Hong Kong's smooth transition. During the sixth panel meeting, members of the panel discussed certain worries among civil servants in Hong Kong and, in the name of the political panel, issued a written public statement to reaffirm the relevant provisions in the Basic Law and the relevant policies of the Chinese Government concerning civil servants in Hong Kong. About

civil servants' retention and transition, members of the panel proposed that, according to the Basic Law, all civil servants working for various Hong Kong Government departments before 30 June 1997 will be retained on and after 1 July 1997. With the exception of principal officials who will be nominated by the chief executive and reported to the central people's government for appointment, other civil servants working for the Hong Kong Government may continue to work at their original posts upon the establishment of the HKSAR. This will help stabilize the ranks of civil servants before and after 1997.

Lu Ping said: Members of the panel unanimously maintained that the basic principles governing the political neutrality of civil servants in Hong Kong shall not be changed.

He added: During the second half of the year, members of the political panel will give priority to studying specific measures for the formation of the first HKSAR Government and the first Legislative Assembly. On the basis of what has been discussed, the panel will study issues more specifically and come up with a plan about the standardization of terms and submit it to the fourth PWC plenary session for examination. After it has been adopted by the session, the plan will be submitted to the preparatory committee for reference. The panel will also give priority to studying another issue—the establishment of the preparatory committee.

Lu Ping then gave a briefing on the economic panel's work. He said: The economic panel met five times in the first half of this year, dealing primarily with the new airport issue. It received briefings on the new airport's financial arrangement twice from departments concerned and after discussions, put forward several proposals on this issue, which received serious consideration from the relevant departments.

After the British Government in Hong Kong handed over the "Regulations (Draft) on the Hong Kong Airport Management Corporation" to the Chinese side, the economic panel presented a 20-article viewpoint on its revision. Some of the views have been adopted by departments concerned after they were sent to them for reference.

On the question of coordination in the large-scale capital construction between the two places [Shenzhen and Hong Kong], Lu Ping said: After an earnest study of the current conditions and existing problems surrounding the land port facilities between Shenzhen and Hong Kong, the panel proposed to the State Economics and Trade Commission early this year to hold an "on-the-spot administrative meeting on the Shenzhen-Hong Kong land port facilities" in Shenzhen. More than 70 people representing nearly 40 commissions and ministries attended the on-the-spot meeting. Members of this panel also took part in the port inspection and in the on-the-spot meeting. The meeting proposed 10-point improvement measures, which have been approved by the State Council. The PWC was instrumental in pushing

for the settlement of the longstanding nagging problems surrounding the Shenzhen-Hong Kong land port facilities.

In his briefing on the question of transfer and management of the land fund after 1997, Lu Ping said: The subgroup studying banking and financial issues under the economic panel, after earnestly studying the relevant legal documents on the land fund, soliciting the views of professional figures concerned in Hong Kong, and referring to the experience of Japan and Singapore, proposed that the entire land fund be transferred to the HKSAR Government on 1 July 1997 and that the HKSAR Government have complete authority to determine the method of management and use of the fund. Lu Ping said: The study report proposes four optional methods for managing the land fund after 1997: first, merging the fund into the Banking Management Bureau; second, establishing a land fund management bureau; third, merging it with other financial reserves and setting aside part of the land fund to establish a Hong Kong development bank; and fourth, temporarily retaining the funds' original management framework under the HKSAR Government's direct control. In the fourth option, although the original management framework is retained, the fund will operate under the HKSAR Government after 1 July 1997. The economic panel agreed to submit these views to the future HKSAR preparatory committee for reference by the HKSAR Government.

Speaking on the issue of providing for the retirement life of employees, Lu Ping said: The panel presented a three-point view: 1) It proposed that departments concerned urge the British side to present a comprehensive plan on the question of providing for the retirement life of all employees in Hong Kong. To ensure smooth transition and proceeding from Hong Kong society's long-term interests, the British side should consult with the Sino-British Joint Liaison Group as soon as possible to finalize a plan for early implementation. 2) The "Old-Age Pension Plan" put forward by the British Government in Hong Kong actually concerns the issue of providing pensions for the elderly and is a question of social welfare. It must not be confused with the question of providing for the retirement life of employees. The two issues should be handled separately based on their different natures. 3) If this issue cannot be resolved prior to 1997, the panel suggests that the HKSAR Government implement a retirement plan after 1997 which is conducive to Hong Kong's stability and prosperity.

Speaking of the land and housing policy issue, Lu Ping said: Hong Kong's real estate prices have continued to soar sharply in recent years, increasing the burden of the vast numbers of citizens and the business costs of investors. This phenomenon has seriously affected the people's livelihood. The vast number of citizens regard housing a big burden. In addition, it has also weakened Hong Kong's strong competitiveness. The question has a bearing on Hong Kong's social stability and economic prosperity in the later transition period and in the years after 1997. The group has decided to set up a "subgroup

for the study of land and housing policy," which will first find out the causes of the current problems, study a long-term land and housing policy, and present to the authorities for reference their views and suggestions on ways to successfully resolve the citizens' housing problem and promote the healthy development of the real estate, particularly on ways to avoid big ups and downs in real estate prices before and after 1997. Currently, the British Government in Hong Kong is increasing the supply of land by a large amount. On the question of whether or not this will lead to large-scale fluctuations in real estate prices in 1997 or later, the economic panel believes that Hong Kong's long-term interests, prosperity, and stability should be taken into consideration.

Lu Ping gave a briefing on the legal panel's work. He said: The legal panel met four times in the first half of this year primarily to examine Hong Kong's laws and to study several major legal issues. After carrying out preliminary screening of 109 chapters of Hong Kong's existing regulations, it believes that most of the regulations may remain valid after 1997. The question that a few of them contradict the Basic Law should be resolved through different approaches in accordance with Article 160 of the Basic Law. The panel believes it is necessary to earnestly study, one by one, major revisions on existing laws done by the British Government in Hong Kong in recent years without consultation with the Chinese side and it is necessary to put forward measures to deal with them. In the second half of this year, the legal panel will concentrate on ways to resolve the legal issues essential to ensuring Hong Kong's smooth transition and the handover of Hong Kong's political power and on ways to deal with the question of massive revision of the existing laws by the British Government in Hong Kong during the transitional period. In addition, the panel will continue its work to screen Hong Kong's existing laws.

Briefing on the work of the cultural panel, Lu Ping said: The cultural panel met three times in the first half of this year to hold detailed discussions on ways to step up the publicity of the Basic Law and to handle the question that certain contents in the primary and middle school textbooks contradict the Basic Law. The panel also extensively solicited the views of people of all circles and groups in Hong Kong. Based on this, it drew up two documents: "An Outline of the Program on Strengthening the Work of Publicizing the Basic Law in Hong Kong" and the "Report on the Question of Textbooks." The cultural panel believes that in the last three years of the transitional period, further strengthening the publicity of the Basic Law constitutes an important link in the effort to achieve successful handover of Hong Kong's political power and realize its smooth transition, to safeguard its legal system, and to maintain its long-term prosperity and stability. Accordingly, it is necessary to exert great efforts to continue carrying out this work. The panel believes it is necessary to adopt all kinds of measures to publicize the Basic Law through multiple channels.

Lu ping said: The cultural panel put forward the following proposals on dealing with the textbook issue: 1) the existing textbooks can generally be used after 1997; 2) textbooks with contents contradicting the Basic Law can be used only after revision and deletion; 3) publishers and schools should adjust the contents of teaching in light of the changing reality after 1997 and provide schools with appropriate textbooks or supplementary teaching material; and 4) the existing textbook publishing and distribution system will basically remain unchanged.

He continued: In the second half of this year, the cultural panel will concentrate on studying ways to deal with the names, emblems, flags, and seals which reflect the fact of Hong Kong's foreign rule and to deal with the question of HKSAR's holidays, the design and issuance of the first group of stamps, mutual recognition of schooling between the interior and Hong Kong, and the basic principles governing civic education. It will also continue to successfully carry out the follow-up study of the textbook issue and to promote the implementation of the Basic Law publicity plan.

Briefing the press on the work accomplished by the social and security affairs panel, Lu Ping said: The panel met four times during the first six months to discuss freedom of exit and entry, and members of the panel maintained that provisions in the Basic Law have broadly safeguarded exit-entry freedom, and they should be energetically publicized so that Hong Kong residents will understand them. With regard to "making Hong Kong a permanent place of abode," members of the panel maintained that people who are not Chinese nationals should have subjective and objective necessities before they can "make Hong Kong a permanent place of abode," and these necessities should be clearly specified in relevant laws.

On returned emigrants' status as permanent residents, members of the panel maintained that the issue about returned emigrants' request to retain their status as permanent residents in Hong Kong should be approached positively. They proposed that for permanent Chinese residents in Hong Kong, their identity cards proving their permanent residence should continue to be valid provided that they have immigrated abroad and acquired foreign citizenship before 1997 and returned to the HKSAR for permanent stay before 1 July 1997; and that, for permanent Chinese residents in Hong Kong who have emigrated abroad and acquired foreign citizenship after 1997, but who have returned to the HKSAR on or after 1 July 1997, they should have the right to enter Hong Kong and their residence and work in Hong Kong should not be restricted by Hong Kong's residential conditions.

On Hong Kong's pension insurance, Lu Ping said: Members of the panel have put forward certain principled views on pension insurance: 1) the pension insurance system must be conducive to Hong Kong's social stability and prosperity; 2) not everyone is covered by the

pension program, and its targets should be the incumbent employees; 3) all incumbent employees must join the pension insurance program; 4) when the pension insurance system is established, the current effective system should be acknowledged and improved; and 5) the government should take up the responsibility of supervising privately operated pension insurance programs.

Lu Ping said: With regard to HKSAR passports, members of the panel proposed that they must embody the "one country, two systems" spirit and their issuance should be strictly based on the rules in the Basic Law. They urged relevant departments to make early preparations for the issuance of HKSAR passports so that people in Hong Kong can use them on 1 July 1997. Members of the panel have also presented views and suggestions with regard to passport designs, conclusion of mutual visa exemption accords between the HKSAR and other countries and regions, and the issuance of HKSAR passports. He said: During the second half of the year, members of the social and security affairs panel will give priority to studying issues concerning other HKSAR travel documents and the right of abode for permanent Chinese residents' children who are born outside Hong Kong.

In conclusion, Lu Ping said: During the plenary session, members of the five panels put forth many views and suggestions in their work reports, and after sorting and compiling, the PWC Secretariat will turn them over to various panels for further studies.

At today's news briefing, Lu Ping also answered reporters' questions with regard to PWC operations in various other areas since its establishment.

Preliminary Work Committee Reviews Work on Hong Kong

OW0907182194 Beijing XINHUA in English 1801 GMT 9 Jul 94

[Text] Beijing, July 9 (XINHUA)—The Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) has made substantial progress in outlining the political, economic, legal, cultural, social and security affairs of the future Hong Kong SAR.

The five panels of the preliminary working committee reported their work at the Third Plenary Session of the Preliminary Working Committee, which closed here today.

Members of the political panel agreed that the first legislative assembly must be established in accordance with the Basic Law of the Hong Kong SAR and relevant resolutions of the National People's Congress (NPC) Standing Committee.

The establishment should reflect the principle of executive initiative, cooperation and mutual restraint between executive and legislative bodies, with stress placed on

cooperation, balanced participation by all walks of life and gradual progress in promoting democracy in Hong Kong.

The political panel noted, it is impossible to realize the "thorough train" arrangement, which means turning Hong Kong's last legislative council into the SAR's first legislative body when China resumes its exercise of sovereignty over Hong Kong on July 1, 1997.

The tenure of all the members in Hong Kong's existing legislative council will terminate on June 30, 1997.

The panel has discussed when to set up the first legislative assembly and whether it is necessary to found a temporary assembly. They agreed that the proportion of elected members of non-Chinese nationals or with overseas residential rights shall not exceed 20 percent.

The political panel agreed that it is necessary to select the chief-executive-to-be before July 1, 1997. The method of the selection should comply with relevant decisions of the NPC Standing Committee.

The set-up of various franchised and consultant organizations in Hong Kong shall be decided by the chief executive, and their members shall be appointed by the chief executive and the administrative department of the SAR.

The panel suggested that Hong Kong civil servants appointed before June 30, 1997 shall continue their work after July 1, 1997, except leading officials who shall be nominated by the chief executive and appointed by the central government.

The economic panel met five times in the first half of this year, focusing on the financial arrangement of Hong Kong's new airport, the construction of land port facilities between Hong Kong and Shenzhen, the transfer and management of land fund, pension insurance and policy of real estate and housing.

The panel proposed that the Hong Kong authorities be urged to put forward a package plan of pension insurance for all Hong Kong employees and negotiate with Sino-British Liaison Group to nail down a final program.

The insurance program should help the social stability and prosperity in Hong Kong, the panel said.

The legal panel met four times in the first half of this year primarily to review the present laws of Hong Kong and explore into several major legal issues.

The legal panel agreed that most of Hong Kong's present laws would remain valid after 1997, that those in conflict with the Basic Law shall be dealt with according to stipulations of Article 160 of the Basic Law.

The panel pointed out that the important revisions made unilaterally to the existing laws by the British Hong Kong authorities in recent years shall be reviewed one by one.

The legal panel decided that in the second half of this year, it would focus on tackling the urgent legal problems concerning a smooth transition and transfer of power in Hong Kong. In addition, it will continue to review the existing laws in Hong Kong.

The cultural panel met three times in the first half of the year, concentrating on ways to promote understanding of the Basic Law and to deal with parts of school textbooks that conflict with the Basic Law.

Upon soliciting opinions of the Hong Kong people and relevant organizations, the panel worked out two documents: a program for promoting the Basic Law in Hong Kong and a report on the textbook issue.

The panel suggested that in principle, the present textbooks can be used after 1997, but the parts running counter to the Basic Law shall be revised or deleted.

The present textbook publishing and distributing systems shall basically remain the same, the cultural panel said.

The social and security panel met four times in the first half of the year to discuss such issues as the freedom of exit and entrance and the granting of permanent residents status to Hong Kong emigrants after 1997.

The panel draws up several principles for dealing with the pension insurance system, saying that all employees and only employees would participate the pension insurance system, that the government would supervise the implementation of the pension insurance system in private businesses.

The panel suggested that relevant Chinese authorities shall make preparations so that Hong Kong people would obtain their SAR passports on July 1, 1997.

Preliminary Work Committee Issues Communiqué

OW/0907222594 Beijing XINHUA Domestic Service in Chinese 1315 GMT 9 Jul 94

[Text] Beijing, 9 Jul (XINHUA)—The news communiqué of the Third Plenary Session of the Preliminary Working Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR]:

The Third Plenary Session of the PWC of the Preparatory Committee of the Hong Kong SAR, under the National People's Congress [NPC] Standing Committee, was held in Beijing from 7 to 9 July 1994. Chairman Qian Qichen presided over the session, which was attended by 65 committee members. Four committee members were on leave.

The session maintained that the situation over the past year proved that establishment of the PWC was necessary and timely. The session discussed the work reports submitted by five special groups—administrative affairs, economics, law, culture, and social security. After the

Second Plenary Session of the PWC set forth the work plan, all special groups studied various major and urgent issues that closely affect Hong Kong residents' interests. Based on the opinions of Hong Kong residents, the special groups offered initial ideas and suggestions for solving the issues. Work of the special groups was fruitful. The plenary session expressed satisfaction over the work progress of the special groups and urged them to study in the next stage, opinions offered by PWC members during the current session.

The plenary session laid down a plan for the PWC's work in the second half of 1994, and urged all special groups to submit specific proposals concerning those relatively mature topics for deliberation by the Fourth Plenary Session of the PWC, which will be held at the end of the year.

The session pointed out: Because China and Britain have not reached an agreement on the arrangement of Hong Kong's elections in 1994 and 1995, Hong Kong's last legislative council, its two municipal councils, and districts boards, which were set up according to Hong Kong Governor Patten's "political reform package," can only exist until 30 June 1997. As of 1 July 1997, Hong Kong SAR's first legislative council and regional organizations will be organized and established according to the Basic Law and relevant decisions of the NPC.

The session held that ensuring Hong Kong's stable transition and long-term prosperity and stability is in line with the fundamental interests of all Chinese people, including Hong Kong compatriots. We should rely on our own strength in regaining China's sovereignty over Hong Kong, in establishing the Hong Kong SAR, and in ensuring Hong Kong's stable transition. We should enable more Hong Kong residents to participate in the preparations for the handover of Hong Kong's political power and for its stable transition.

During the session, President Jiang Zemin met with all committee members attending the session and gave an important speech, fully approving the PWC's work. Members of the committee were of the opinion that President Jiang Zemin's important speech had guiding significance for the PWC's work.

Two chairmanship meetings were held during the plenary session. The two meetings decided the grouping of the 13 newly elected committee members, adjusted the namelists of grouping of all special groups, and approved the "Specific Steps for all Special Groups of the Preliminary Working Committee to Set Up Their Research Group and to Invite Public Personalities to Participate in Special Groups' Work" and the "Specific Procedures for the Preliminary Working Committee's News Briefings."

The session decided to hold the Fourth Plenary Session of the PWC in Beijing from 8 to 10 December 1994.

XINHUA Roundup Views PWC Achievements

OW1007162294 Beijing XINHUA Domestic Service in Chinese 0242 GMT 10 Jul 94

[Roundup (shu ping 6615 6097) by XINHUA reporters Duanmu Laidi (4551 2606 0171 1229) and Fang Jin (2455 3866): "Work Together With One Heart to Usher in 1997—on the First Anniversary of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region"]

[Text] Beijing, 10 Jul (XINHUA)—China will restore its sovereignty over Hong Kong on 1 July 1997. By then, the "Pearl of the Orient" will return to the embrace of the motherland after more than 150 years of separation. To ensure a smooth transition and transfer of government of Hong Kong, the Preliminary Working Committee [PWC] for the Preparatory Committee of the Hong Kong Special Administrative Region [HKSAR] was set up in Beijing in July 1993. Over the last year, the PWC members, shouldering a heavy historic responsibility, have won the trust from more and more Hong Kong people with their realistic, democratic style of work and effective work performance. This shows that Hong Kong surely can maintain long-term prosperity and stability so long as we rely on the wisdom and strength of the broad masses of the Hong Kong people.

To the PWC members, the past year was short and busy, with satisfactory results. The PWC has studied in an orderly manner some important and urgent issues, as well as issues about which the Hong Kong people are most concerned. Its five subcommittees—the political, economic, legal affairs, cultural, and society and security subcommittees—held nearly 30 meetings. They have put forward many positive and constructive opinions and suggestions. The PWC has begun to open up a new prospect in work.

Since the Sino-British talks on the arrangements for the 1994-1995 Hong Kong election broke down and Chris Patten unilaterally submitted his "political reform package" to the Legislative Council, the political subcommittee, in accordance with the work arrangements established by the second plenary session of the PWC, has stepped up its discussion of the establishment of the first Legislative Council and district organizations [district boards and two municipal councils] of the HKSAR. All the members of the subcommittee unanimously held that British Hong Kong's three-tier political structure will surely end with the end of British rule over Hong Kong; and that the first Legislative Council and district organizations of HKSAR shall be reestablished according to the Basic Law and relevant decisions of the National People's Congress. After repeated discussions and reaching a consensus, the subcommittee has formulated a basic framework of procedures for the establishment of the first Legislative Council of the HKSAR.

The economic subcommittee has emphatically studied some important issues which have a bearing on Hong

Kong's economic development and local people's livelihood, such as the financial arrangements of the new Hong Kong airport, the draft airport regulations, the transfer of the land fund and its management after 1997, the reform of the management of the Shenzhen land port, coordination of port management between Shenzhen and Hong Kong, coordination in the construction of railroads and highways in Hong Kong and Guangdong, the retirement insurance system, and the land and housing policies. For the purpose of coordinating large capital construction projects between the mainland and Hong Kong, the economic subcommittee's first task is to study how to alleviate land traffic congestion between Hong Kong and Shenzhen. More than 40 departments at home, urged by the subcommittee, have held an on-the-spot meeting in Shenzhen and helped formulate ten measures for improving the management and construction of Shenzhen port. The subcommittee has played a role in helping alleviate the longstanding land traffic congestion between Shenzhen and Hong Kong.

The legal affairs, cultural, and society and security subcommittees have studied such issues as the introduction of the Hong Kong Basic Law and other laws, revision of some textbooks with respect to contents which contradict the Basic Law, free exit and entry of residents, and retirement insurance. On the above issues, the subcommittees have either put forward preliminary opinions and proposals, or prepared relevant documents and provisions, and they have laid a good foundation for work in the next stage.

Facts show that the PWC has become an effective channel of communication. It has enabled the Hong Kong people to take an active part in Hong Kong's affairs in the second half of its transitional period. For this reason, it has won a wide support from the people of all strata there. According to Hong Kong's public opinion, the PWC is a link between the Hong Kong people and the sovereign state, enabling the two to discuss matters of vital importance with respect to achieving smooth transition and maintaining prosperity and stability; and it is also a brain trust which makes feasible policies and suggestions on preparing the establishment of HKSAR, based on the good opinions and suggestions of the people of all walks of life.

The PWC shoulders a glorious historic mission, having a direct bearing on Hong Kong's smooth transition and links with the vital interests of the broad masses of the Hong Kong people. During the course of studying how to publicize the Basic Law, the cultural subcommittee held discussion with members of the Joint Conference on Publicizing the Hong Kong Basic Law formed by 34 mass organizations, and heard and accepted their opinions and suggestions. On the existing problems of Hong Kong's textbooks, the cultural subcommittee widely solicited the opinions of textbook publishers, various educational organizations, and educators at a dozen or so discussion meetings, and heard their views on Hong Kong's future educational system, educational policy, curriculum, and specialized qualifications. Based on

findings from comprehensive investigations and studies, the subcommittee prepared such documents as the "outline plan for publicizing the Basic Law in Hong Kong" and "report on the problems of textbooks." This fully shows that the PWC's opinions are created on the basis of pooling the wisdom of the masses democratically, and they represent the interests and aspirations of the broad masses of the Hong Kong people.

Those PWC members from Hong Kong's industrial, business, banking, labor, specialized, and social service circles always have the interests of the majority of the Hong Kong people at heart. They go around campaigning for a cause, solicit opinions from the people, visit grass-roots units, conduct investigation and study, do all they can to reflect the opinions of most Hong Kong people, and use those opinions in the PWC work. Over the last year, many PWC members continued work on Sundays and holidays. When studying the question of how to manage the land fund after 1997, the members of the economic subcommittee seriously studied relevant laws and sought opinions from specialists, and some of them even made study tours to Japan and Singapore at their own expense before writing their feasibility reports. After repeated discussion, the economic subcommittee proposed two basic principles for handling the land fund issue. It is in this way that the PWC collects and sorts out the opinions and suggestions from various quarters and draws the blueprint for the future HKSAR.

It is inspiring that more and more Hong Kong people, with a high sense of responsibility and extreme enthusiasm, are concerned about and participating in the affairs concerning Hong Kong's smooth transition and the preparation for the establishment of the HKSAR. It is reported that more than 60 mass organizations in Hong Kong have presented their opinions in their letters to the Secretariat of the PWC; more than 60 public figures from various circles have expressed their views in their messages to the Secretariat; many Hong Kong people have jointly written the PWC to voice their support; and a retired professor has expressed his views in 12 consecutive letters to the PWC. Their opinions and suggestions are of great reference value to the PWC in its studying relevant issues and arranging future work.

The PWC is doing the work of preparing Hong Kong's transfer of government and smooth transition, and this is a great event about which the 6 million Hong Kong compatriots are generally concerned. A Hong Kong person has put it well: "By 1997, the British may leave for good, but we are Hong Kong people, Hong Kong is our home, and we have the responsibility to build Hong Kong well." We should say that the 6 million Hong Kong people are the key to Hong Kong's long-term prosperity and stability. As 1 July 1997 is drawing nearer day by day, the broad masses of the Hong Kong people will surely take a more active part in Hong Kong's affairs during the transitional period, pool their wisdom and efforts, and make full preparations and present a brand-new appearance to usher in the day of China's restoration of sovereignty over Hong Kong.

Communique Issued on Timetable for Political Structure

OW0907143294 Beijing XINHUA in English 1354
GMT 9 Jul 94

[Text] Beijing, July 9 (XINHUA)—Hong Kong's last Legislative Council, two municipal councils and district boards established according to the "Political Reform Bill" of Hong Kong Governor Christopher Patten will exist only up to June 30, 1997, according to a press communique issued here today.

The communique was issued by the third plenary session of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR), under the National People's Congress (NPC) Standing Committee.

The communique states that after July 1, 1997 the first Legislative Council and other local organizations of the Hong Kong Special Administrative Region (SAR) will be set up in accordance with the Basic Law of the Hong Kong SAR and relevant resolutions of the NPC Standing Committee.

It notes, "Ensuring Hong Kong's smooth transition and long-term prosperity and stability conforms to the fundamental interests of the entire Chinese people, including our Hong Kong compatriots."

It also states, "The resumption of China's sovereignty over Hong Kong, the establishment of an SAR there and the achievement of smooth transition ought to be based on our own efforts."

"It is imperative to enable more Hong Kong residents to participate in various kinds of preparatory work for the transfer of Hong Kong's political power and smooth transition," it adds.

The communique said that President Jiang Zemin met with the participants and delivered an important speech at the third plenary session of the Preliminary Working Committee held July 7-9.

Qian Qichen, vice-premier and chairman of the Preliminary Working Committee, presided over the session.

Participants at the third plenary session discussed work reports delivered by five panels on political, economic, legal, cultural, social and security affairs. [sentence as received] The session decided to hold the fourth plenary session of the Preliminary Working Committee in Beijing December 8-10 this year.

PWC Meeting Makes Research, Media Decisions

HK1007041394 Hong Kong WEN WEI PO in Chinese
10 Jul 94 p A8

[By staff reporter group: "Decisions Made by the Chairmen Meeting of Preliminary Work Committee"]

[Text] Beijing, 9 Jul (WEN WEI PO)—This morning, the Preliminary Work Committee [PWC] held a chairmen meeting here and passed the "Concrete Methods of the Special Groups of the PWC's Establishing Research Groups and Inviting Representatives of Various Social Circles to Participate in Relevant Work" and the "Concrete Methods of Making News Briefing by the PWC." The meeting also decided to assign 13 new PWC members to various special groups and on certain changes in the division of the groups.

At the opening ceremony of the current PWC plenum, PWC Chairman Qian Qichen said that it is necessary to absorb more Hong Kong people to participate in the work of the PWC through the establishment of research groups and other channels. Therefore, concrete steps in this regard were discussed during the plenum. Reportedly, five special groups under the PWC will set up their research groups according to the needs of their work, and the research groups will carry out investigations, collect relevant data and information, gather opinions from local people on various specific subjects, and will then submit their research reports to the relevant special groups. The research groups will invite people who have an interest in the relevant subjects and corresponding professional knowledge and experience. Their routine meetings may be held in the Hong Kong Correspondence Office of the PWC Secretariat. The research groups will come to an end after their research tasks are completed.

On the other hand, in order to improve the work of holding news briefings, the current PWC plenum formulated some concrete methods in this regard. Reportedly, in the future, the PWC will appoint an official spokesman to give news briefings to the mass media on behalf of the plenum when the PWC is in session. When various special groups are in session, the group chiefs will be responsible for announcing developments of the meetings to the press. If there are any important and sensitive issues, news bulletins will be issued by the PWC Secretariat to the mass media.

Commentary Views Cooperation With UK on Hong Kong

OW0807202394 Beijing China Radio International in Mandarin to Asia 0900 GMT 7 Jul 94

[Station Commentary from the "Rainbow in the Sky" program: "There Will Be a Future Only If China and Britain Cooperate on the Hong Kong Issue"]

[Text] The 29th meeting of the Sino-British Joint Liaison Group [JLG] reached an accord recently on the future use of military sites in Hong Kong. After seven years of negotiations, especially after recent intensive consultations, results were finally achieved. This was a major achievement scored outside the field of politics after China and Britain failed to act together in talks on political issues, due to Britain's acts of sabotage.

The resolution of the issue shows that China and Britain can and should cooperate well during the Hong Kong

transitional period. The key to the issue lies in Britain's attitude and actions. Provided that Britain observes the provisions stated in the Sino-British Joint Declaration to consult with China on issues related to the handover of sovereignty after 1997 and to handle matters according to other relevant agreements reached between China and Britain, problems, if any, can be resolved. For example, military sites are necessary for China's troops in charge of defense to be stationed in Hong Kong. The Chinese Government's act of sending troops to be stationed in Hong Kong after 1997 will be a symbol of China restoring its sovereignty over Hong Kong. Therefore, it is natural for Britain to hand over military sites, including buildings and fixed facilities, to China. However, before the Sino-British talks on Hong Kong's future, Britain repeatedly asked China to promise not to send troops to be stationed in Hong Kong in an attempt to limit China's exercising its sovereignty over Hong Kong. Later, after China's stern objection, Britain proposed various restrictions from time to time. At times when an accord was about to be reached, Britain raised new issues, causing the negotiations to be deferred. However, Britain eventually faced the reality of the situation and decided to negotiate with China to resolve the issue. Judging from the fact that an accord was reached, China was practical and positive in handling the issue of military sites in Hong Kong. To resolve the issue fairly, China not only wanted to meet its defense needs, but also considered the needs of Hong Kong's social and economic development. The Chinese Government's basic starting point was to promote Hong Kong's prosperity and stability and to ensure that the transition of Hong Kong will be smooth. Consideration was also given to the interests of various parties, including Britain. In addition, China issued a two-point statement on its own: 1) the Chinese garrison troops in Hong Kong will abide by Hong Kong and national laws; and 2) the military sites will be used exclusively for defense purposes. The statement fully shows China's sincerity to resolve the military sites issue and its stance to safeguard the Hong Kong people's interests.

Realities demonstrate that there will be a future only if China and Britain work together on the Hong Kong issue. If not, there will be no future. It is hoped that the smooth resolution of the issue will be conducive to carrying out various tasks of the Sino-British Joint Liaison Group. It is also hoped Britain will continue to show its sincerity to consult and cooperate with China and to hold talks on issues related to economics and business in the transitional period, so as to score fresh results.

Hong Kong Not To Be Declared Cholera-Infected Territory

OW0807173494 Beijing XINHUA in English 1637 GMT 8 Jul 94

[Text] Hong Kong, July 8 (XINHUA)—Hong Kong's senior officials for health today endorsed a decision not to declare Hong Kong a cholera-infected territory, although nearly a score of cases of the disease were found here in less than two weeks.

Explaining the reason for making the decision, acting Secretary for Health and Welfare Shelley Lau said Hong Kong had a very good surveillance system as well as efficient and accessible health care facilities.

Prompt preventive and control measures are being taken to stop the spread of cholera from the 19 reported cases so far, she said.

However, she does appreciate the general public concern over the safety of seafood, reiterating that all food can be safely consumed if it is thoroughly cleaned and properly cooked to kill bacteria.

Cholera is a preventable and treatable disease, and with good personal and food hygiene, there is little danger of catching the disease, the official added.

Immediate and longer-term measures against cholera are being coordinated by an inter-departmental working group chaired by the secretary for health and welfare, she said.

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